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NEWS SUMMARY

GENERAL

Textron bribe inquiry dropped

Allegations that U.S. Treasury Secretary G. William Miller was linked with foreign payoffs made by Textron, a company he once headed, were dropped as a legal matter.

Attorney-General Benjamin Civiletti denied a request by members of the Senate banking committee to appoint a prosecutor to examine whether Mr. Miller told the truth when he assured Congress that he knew nothing of Textron's overseas bribes.

Committee staff officials said they had no intention of taking the matter further.

Hostage hopes

Colombian Government is hoping to hold new talks soon with Left-wing guerrillas who have reduced their demands for the release of more than 30 hostages they are holding in the Dominican Republic Embassy, Bogota.

Kidnap theory

Police believe they have found the body of Thomas Niedermayer on a building site at Dunmurry, near Belfast. The German industrialist and diplomat was kidnapped six years ago.

N-worker dies

A third worker at the Aldermaston nuclear plant in Berkshire has died of cancer, and his body is to be examined by a leading radiation biologist.

Olympics plea

The Archbishop of Canterbury, Dr. Robert Runcie, said he was against British athletes taking part in the Moscow Olympics.

M-way move fails

Secretary Lesley Loveluck's campaign to block the building of a £30m extension of the M25 in Essex received a setback in the High Court when her plea to quash Ministry of Transport compulsory purchase orders on land needed for the motorway was refused.

Syrian riots

President Hafez al-Assad's regime in Syria is believed to be facing a serious challenge from Moslem dissidents with reports of riots and serious damage to public buildings. Page 4

Terrorists law

Turkey is to revive a law which allows security forces to shoot wanted terrorists on sight. The move follows a further rise in terrorism.

Jenkin criticised

Social Services Secretary Patrick Jenkin faced allegations from Labour MPs in the Commons that he failed to consult Government law officers before suspending Lambeth, Southwark and Lewisham Area Health Authority last year. Page 10

Briefly . . .

Provisional IRA claimed responsibility for Monday's shooting of British soldier Corporal Steven Sims in West Germany.

Bomb blast wrecked part of a Government social security centre in Bilbao, Northern Spain, shortly after it was evacuated.

Women medical students chained themselves to railings in protest at the possible closure of the Royal Free Hospital School of Medicine, North London.

Cambridge Union — the university's debating society—elected its fourth woman president in its 165-year history.

BUSINESS

Equities up 3.3; gold off $17

● EQUITY leaders edged forward in quiet trading and the FT 30-share index rose 3.3 to 455.6. The Gold Mines index, however, saw its biggest ever loss, down 38.9 to 298.6.

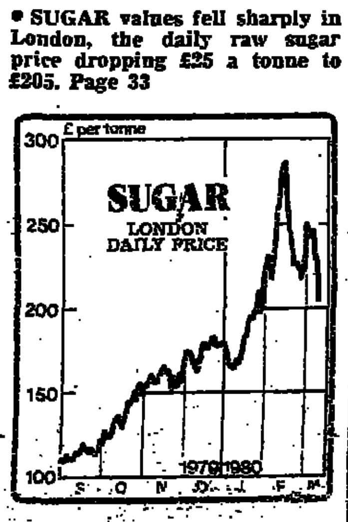
● GILTS were helped by the February banking figures and hopes of an early end to the steel strike. Gains in shorts and longs extended to ¾ and the Government Securities index rose 0.03 to 64.18.

● STERLING closed at $2.2270, up 1.05 cents and its trade-weighted index rose to 72.2 (71.9). DOLLAR was firmer in late trading. Its index was unchanged at 87.4.

● GOLD fell $17 an ounce to $568.50 in London.

● WALL STREET was 4.69 higher at 823.63 near the close.

● SUGAR values fell sharply in London, the daily raw sugar price dropping £25 a tonne to £265. Page 33



● BANK OF CANADA has opted out of visibly setting interest rates by moving for the second time in its history to a floating bank rate. Page 4

● JAPAN'S wholesale price index rose 2.6 per cent to 127.2 last month; the highest monthly rise in six years. Page 4

● EUROPEAN banks have reached a £16.4m deal with Midland Bank to buy parts of its subsidiary Thomas Cook to challenge the U.S. dominance of the travellers' cheque market. Back Page

● THE GOVERNMENT has rejected proposals that the Exchequer Audit Department should be allowed to see the books of the nationalised industries and the British National Oil Corporation. Back and Page 10

● BRITISH Shipbuilders has won several orders, worth a total of £50m, including the vital contract of replacing engines on container vessels. Back Page

● THREE RAIL UNIONS are to present a joint pay claim, estimated to be worth at least 20 per cent, to British Rail. Page 11

● MALAYSIA is to change its production-sharing policy with foreign oil companies in favour of contracts based on monetary payments. Page 6

COMPANIES

● SEDGWICK FORBES Bland Payne Group, the recently merged insurance brokers, saw 1979 taxable profits total £47.4m, down on the total earnings of the two former groups in 1978. Page 24 and Lex, Back Page

● J. BIBBY and Sons agricultural group taxable profits rose 15.5 per cent from £8.4m in 1978 to £9.71m last year on higher second-half earnings. Page 24

● CHRYSLER Australian staged a strong recovery in 1979 with profits of A$12.3m (£6.07m), compared with a loss of A$20.5m in 1978. Page 31

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Treas. 12pc 1984	£89¼	+ ¼	Abercom	125	— 9
Treas. 13¼pc 1993	£96¼	+ ¼	Barlow Rand	426	— 20
Assd. Dairies	184	+ 6	Johnson Matthey	280	— 12
Bassett (G.)	66	+ 4	Bougainville	168	— 18
British Sugar	170	+ 10	De Beers Dfd.	430	— 20
Cement Roadstone	82	+ 4	Cons. Gold Fields	496	— 22
Ductile Steels	92	+ 4	Durban Deep	£11½	— 3½
GKN	275	+ 7	Free State Geduld	£23	— 3½
Home Charm	145	+ 6	Harmony	795	— 124
Land Securities	300	+ 7	Hartebeest	£35¼	— 3½
MEPC	204	+ 6	Impala Plat.	268	— 50
Parker Knoll A	122	+ 9	Kinross	482	— 76
Sedgwick Forbes	97	+ 4	Lennard Oil	60	— 25
Stag Furniture	183	+ 5	North Kalgurli	53	— 8
Status Discount	71	+ 6	Pacific Copper	184	— 26
Turner and Newall	127	+ 6	RTZ	384	— 13
Siebens (UK)	570	+ 20	St. Helena	£14¼	— 2¼
Viking Oil	£10¼	+ 1	Samantha	80	— 10
London Sumatra	402	+ 12	Venterspost	538	— 116

Town hall staff to black issue of rate demands

BY PHILIP BASSETT AND ROBIN PAULEY

Leaders of 560,000 local authority white collar staff yesterday announced a widespread programme of industrial action. It could force up council borrowing by halting the issue of rate demands, and disrupt Easter holiday air traffic.

The National and Local Government Officers' Association said the action was being called in reply to the authorities' 6-12 per cent comparability offer.

NALGO, which represents the bulk of the administrative, professional, technical and clerical staff who would be involved in the action, yesterday sent instructions to its members to black work relating to the issue of rate demands.

Union officials said members in Bradford, Plymouth, and the London boroughs of Hillingdon and Waltham Forest had already started the action. Members in other councils were expected to follow suit in the next 48 hours.

While most local authorities have to borrow money at the start of the financial year to bridge the gap between the issue of rate demands in March and April and the payment of rates, the unions believe there would be less readiness to lend the councils money when there would be little likelihood of early repayment.

The majority of local authorities have very little scope left for raiding their own balances. Faced with demands for cuts and threatened with penalties for high rate increases, many councils have reduced their balances to a precariously low level.

At least 10 per cent of councils will now hold less than 2.5 per cent of this year's planned expenditure in balances. The accepted desirable minimum is 5 per cent.

The action, which will affect the commercial and industrial sectors as well as domestic ratepayers, will be taken in the main by computer staff.

NALGO also organises council post room and other clerical staff. They are subject to the blacking instruction to try to prevent expected attempts by auhorities to bring in some form of manual issue of demands.

The second major strand of the action is to ballot air traffic control officers in municipal airports to seek their support for industrial action during the Easter holiday.

Traffic from major airports such as Heathrow, Gatwick and Manchester would not be directly affected.

Those affected would include Luton, one of the major centres for foreign holiday package tours, East Midlands, Leeds-Bradford, Bristol and Teesside.

Seriously disruptive action could be taken by local authority meat inspectors, who approve the supply of meat to processing factories and thence to shops. The union will ballot the inspectors on strike action.

Union members have been instructed to refuse co-operation with council consultants, contractors and agency staff. Officials agreed this could lead to payments to contractors being frozen.

The union will call all its members in local government out on a one-day strike next month. It is authorising members to ban all non-contractual overtime, work on statistical return to central Government, and the payment of local councillors' attendance allowances.

REVOLT OVER BILL

The Government faces open revolt from all local authorities and their Tory-controlled associations over its refusal to compromise on controversial parts of the Local Government Bill.

The final split came in the committee stage of the Bill yesterday when Mr. Tom King, Local Government Minister, announced the Government was rejecting all the authorities' alternative proposals to reform of rate support grant. The local authorities had been hoping for at least some gesture of compromise. Page 10; Editorial comment, Page 22.

U.S. may impose formal trade sanctions on Iran

BY DAVID BUCHAN IN WASHINGTON

THE U.S. is likely to impose formal trade sanctions on Iran and will ask allies not to undermine its economic squeeze, according to Administration officials.

This follows the collapse of hopes for the immediate release of the hostages in Tehran.

The five-man United Nations team, sent to Iran last month to hear its grievances and pave the way to freedom for the 50 hostages, left for New York yesterday.

The UN team is expected to see Administration officials in Washington, the State Department said. But this does not preclude unilateral steps by the U.S. beforehand.

Military action or a naval blockade are ruled out for the moment. The most likely step in the next few days is the promulgation of formal trade sanctions. This would be more a gesture to the American public of a tougher Administration stand than tightening the economic screw on Iran.

Trade between the two countries is already at a standstill, with the U.S. renouncing purchases of Iranian oil, blocking Iran's financial assets and a U.S. dockers' strike on shipments to Iran.

Washington is anxious that its European allies, fretting at the long hostage dealock, want to increase business with Iran. Reports that Italy is ready to sell helicopters are causing concern.

Fading hopes for a negotiated settlement are pinned on the belief that Iran still wants a UN report on its grievances against the Shah, as a mark of legitimacy for the revolution.

At the UN, Dr. Waldheim said he had recalled the commission when conditions set by the Ayatollah for it to see the hostages became impossible to fulfil.

"We cannot control the situation in Tehran," he said. "Evidently there is a power struggle."

Dr. Waldheim reiterated that the Commission would return to Tehran after certain questions had been clarified with Iran and the U.S.

A formal report on the Commission's 17-day visit would not be issued until both aspects of its mandate were completed. The first was to hear Iran's

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U.S. moderates angry Page 4

Gold shares tumble

FINANCIAL TIMES REPORTER

SOUTH AFRICAN Gold shares registered their biggest ever one day falls yesterday following another sharp decline in the bullion price.

The Financial Times Gold Mines index dropped 38.9 to 298.6 and has now fallen 70.7, or 19 per cent, over the past three trading days.

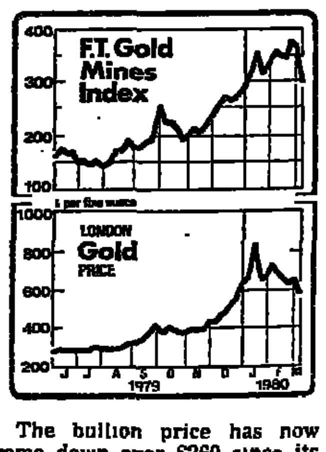
Dealers marked down gold shares yesterday morning as a result of heavy overnight selling in the U.S. A fresh wave of selling from London, Johannesburg and Continental investors caused further sharp falls during the morning and early afternoon.

Share prices tended to follow the movements of the bullion price which, despite a minor rally in the afternoon, eventually closed in London $17 lower at $568.50 an ounce. This followed an $28 fall on Monday.

The selling pressure affected all gold shares and highly priced issues like Randfontein and West Driefontein had losses of over £3.

The bullion market has come under pressure recently as a result of high interest rates. This has made bullion investment, with hopes only of a capital gain, less attractive.

In addition the effect on the markets of political tension in the Middle East has waned in recent weeks.



The bullion price has now come down over $260 since its record closing high of $835 on January 18. Just as the rise in the bullion price in January prompted increasingly heavy speculative investment in other metals, so its fall since then has led to sharp selling throughout the precious and base metal markets.

Mining News Page 25

$ in New York

—	Mar. 10	Previous
Spot	$2.2185-2195	$2.2210-2225
1 mth	nil-0.05 dis	0.10-0.20 prem
3 mths	0.16-0.21 prem	0.05-0.15 prem
12 mths	0.30-0.20 dis	0.40-0.20 dis

Mugabe names his Cabinet

By Bridget Bloom and Michael Holman in Salisbury

MR. ROBERT MUGABE, Rhodesia's new Prime Minister, last night appointed a broadly-based Cabinet of 22 Ministers including two Europeans in the economic Ministries of Commerce and Industry and Agriculture.

Mr. David Smith, formerly Minister of Finance and one of the 20 Rhodesian Front MPs in the new Parliament, is to serve as Minister of Commerce and Industry, while Mr. Dennis Norman, president of the powerful white-dominated Commercial Farmers' Bureau, is to take the agriculture portfolio.

There was considerable surprise here that Mr. Mugabe, who submitted the list to Lord Soames, the Governor, after his formal appointment yesterday afternoon as Prime Minister, chose as Minister of Finance Mr. Enos Nkala, an outspoken veteran nationalist with no formal economic background who was in detention until the Lancaster House agreement in December.

But the scope of the portfolio appears to have been reduced, since Mr. Mugabe will create a Ministry of Economic Planning and Development, expected to be headed by Dr. Bernard Chidzero, at present deputy head of the United Nations Commission on Trade and Development.

Mr. Sydney Sekeramayi is to be Minister of Lands, Resettlement and Rural Development, which will control the planned massive resettlement of African peasant farmers.

Mr. Edgar Tekere will have the Manpower Planning and Development portfolio, to oversee a programme of rapid Africanisation. There is also a new Ministry of the Public Service.

The Independence Cabinet, which apart from Mr. Nkala's appointment contains few surprises, reflects the new Prime Minister's determination to have a broad-based "Government of Reconciliation."

Mr. Joshua Nkomo, leader of the Patriotic Front, Mr. Mugabe's former partner at the Lancaster House talks and the "father of African nationalism" has, as announced earlier, been given the Home Affairs portfolio. Part of the police force will come under this potentially powerful Ministry. Its major function apparently remains the administration of the Tribal Trust Lands where the majority of the country's 7m people live.

Three other relatively minor Cabinet posts have been given

Continued on Back Page

Slower rate for monetary growth

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of monetary growth is now showing definite signs of slowing. But it is still slightly above the upper end of the official target range and the demand for bank credit from tightly-squeezed companies remains strong.

The banking figures for mid-February, announced yesterday by the Bank of England, provide mixed news for the Government.

Monetary growth is certainly slackening but only slowly. Sir Geoffrey Howe, the Chancellor, will almost certainly not be in a position to announce a cut in Minimum Lending Rate in his Budget a fortnight today.

Most City analysts do not expect a cut before late April or May at the earliest. Indeed, recent pressures have been upwards and the strains are shown by the record number of 22 banks facing penalties under the corset restrictions on the expansion of their activities.

The main indicator published yesterday is the banking system's eligible liabilities, a large part of their deposit base and of sterling M3, the broadly-defined money supply. This fell by nearly 0.1 per cent to £52.89bn in the month to mid-February.

This is not a good guide to sterling M3 because of seasonal variations. Various other transactions, such as some lending to the discount houses and an increase in the sterling exposure of the banks, largely offset each other.

Consequently, it is likely that sterling M3 rose by about 1 per cent last month. This would take the annual rate of growth since June to 12 per cent and about 10 per cent since October. A further two points needs to be added if acceptance credits are counted. This compares with an official target range of increase of 7 to 11 per cent. The target itself is due to be reviewed in the Budget.

The authorities have, however, for the first time estimated the possible seasonal pattern of certificates of tax deposit. This is an interest-paying instrument mainly bought at one date during the year to be surrendered in order to pay tax bills later in the year, notably between January and March.

After adjusting for this factor sterling M3 may have risen by only ½ per cent last month and the underlying rate of growth since last autumn would be well within the official range.

The main expansionary influence remains bank lending to the private sector. The London clearers estimate that their advances rose by £137m last months and all the underlying increase was accounted for by the manufacturing sector, particularly engineering. Lending to the personal sector fell.

This almost certainly understates the total rise in bank lending by a few hundred million pounds during the month, both because of a switch by some company borrowing from bank overdrafts into market sources and because of a rise in acceptance credit lending.

While bank lending is still growing the pressures are less than recently and mainly appear to reflect the start of the recession as companies take time to reduce their excess levels of stocks.

The pressures of the corset are shown by the fact that the number of banks facing penalties rose from 14 to 22 and the amount which they have to deposit free of interest increased from £28m to £104m.

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Borrowing requirement Page 8

£40m contract for GKN

BY LESLIE COLITT IN LEIPZIG

GKN has won a £40m contract from East Germany to build the first of three forges which will produce components for a new range of trucks.

The order is the largest ever for a British company in East Germany and GKN hopes to get contracts for the remaining two forges.

East Germany will pay for the forge, which is to be completed by 1982, by delivering components to GKN which will be marketed throughout the world.

Morgan Grenfell, the merchant bank, is to provide a loan to the East German purchasing organisation which will be backed by the Export Credits Guarantee Department.

GKN apparently won the deal over original competition from Citroen because of its superior technology.

Negotiations are under way between Industrieanlagen Import of East Germany and GKN on other projects such as a foundry which would be worth more than £10m.

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For latest Share Index phone 01-246 8026

William Dullforce, recently in Reykjavik, reports on a modern saga in an old Norse colony

Revenge, betrayal, eloquence and a Government in Iceland

A POLITICAL DRAMA worthy of the old Norse sagas was played out in Iceland last month. It had a revenge theme, imputations of betrayal, and a sudden reversal of fortune brought about by an extraordinarily eloquent appeal to the people.

There were also more modern touches to the formation of Iceland's new Government. A principal role was played by a former professional footballer whose name once resounded from the Glasgow Rangers and Arsenal terraces. The economic context was an inflation which last year produced a 61 per cent jump in Iceland's consumer prices.

The main protagonist was the new Prime Minister, Mr. Gunnar Thoroddsen is a youthful 69, of imposing stature and with a family background which would have delighted the saga narrators, who attached great importance to their heroes' genealogies.

As for Mr Thoroddsen's personal background, his political career started in the early 1930s. He has been a law professor, the mayor of Reykjavik for 12 years, an ambassador, a supreme court judge and a member of two Cabinets. But he has not been Prime Minister before, and he was unexpectedly defeated in the last presidential election, a defeat which he blamed on lack of support from his own party.

To become Prime Minister on this occasion, Mr. Thoroddsen has split the Independence Party. He has taken three Independent MPs with him into a coalition with the left-wing People's Alliance and the Centrist Progressive Party, as well as another independent who won his seat in the December general election without party support.

The Independence Party, of which Mr. Thoroddsen is vice-chairman, has been the dominating political force in Iceland since independence from Denmark after the last war. It was out of government for only two years up to 1970, but has since twice been relegated to opposition.

Western Governments have regarded it as the principal guarantor of Iceland's participation in the North Atlantic Treaty Organisation (NATO), and of the air base the U.S. Navy runs at Keflavik.

The party's present leader is Mr. Geir Hallgrimsson, 15 years younger than Mr. Thoroddsen and Prime Minister between 1974 and 1978. The difference in personalities could scarcely be greater, and they have little respect for each other. Mr. Hallgrimsson is a hard-working, dependable administrator, who has limited popular appeal but has so far held the confidence of the business establishment. Mr. Thoroddsen possesses a larger presence, the gift of language, and a shrewd political mind. His opponents within the party depict him as an unreliable opportunist, who performs poorly in office.

The scene for the recent political drama was set by the December general election, in which the Independence Party was expected to make enough gains to return it to government, probably in coalition with the Social Democrats. It obtained only one new seat, and the two parties fell one seat short of the 32 they needed to ensure a majority in both houses of the Althing (parliament).

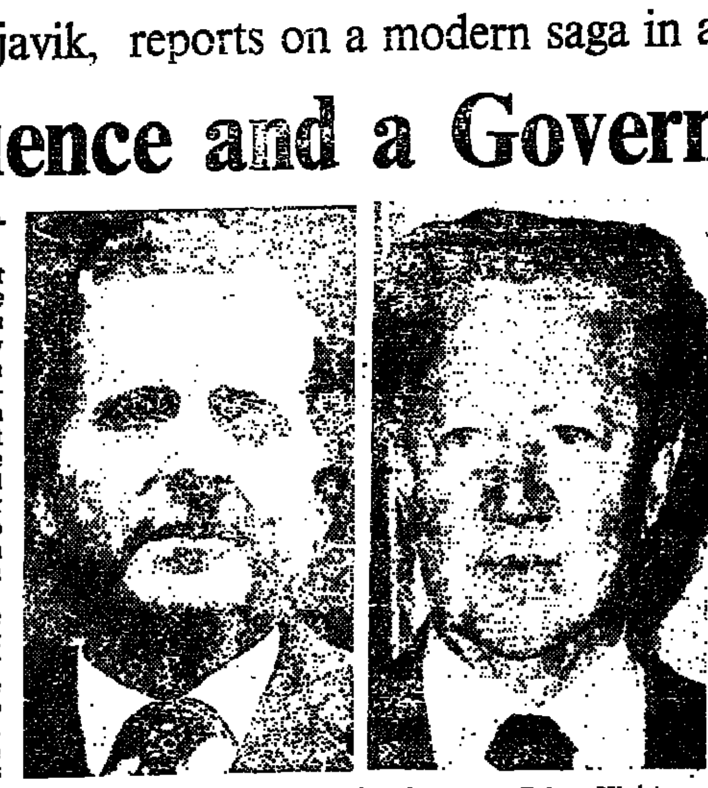
In the next two months the leaders of the four parties took turns at trying to piece together majority coalitions, but the deadlock persisted into February. By this time Mr. Thoroddsen was making his own soundings with the Progressives and the People's Alliance without informing his leader. Having reached agreement on an economic programme, Mr. Thoroddsen presented his proposed Cabinet to the Independence Party parliamentary group.

He was overwhelmingly rejected. At this stage, Mr. Hallgrimsson and his supporters were still confident that Mr. Thoroddsen could not muster enough rebels within the parliamentary group. They left the meeting convinced that the aspiring Prime Minister had been firmly put in his place.

That same evening, Mr. Thoroddsen spoke for 10 minutes during an Icelandic radio news cast. It was a bravura performance, acknowledged by even his bitterest opponents as the finest lesson in political persuasion most of them had heard. An hour later, Mr. Thoroddsen walked into the Reykjavik television studios and repeated the performance.

The next morning Mr. Albert Gudmundsson, an Independence Party MP, informed Mr. Hallgrimsson he would not vote against a Government formed by Mr. Thoroddsen. That in itself was enough to deprive the opposition of the power to bring Mr. Thoroddsen down.

Mr. Gudmundsson once played football for Glasgow Rangers and Arsenal before reaching the climax of his professional career in France, where he played for Nantes, Racing Club de Paris and Nice. He is now a well-to-do businessman who has successfully developed his French connections. Like Mr. Thoroddsen, Mr. Gudmundsson has been something of an outsider within the Independence Party, not fully accepted by the inner core. He is a candidate in the Presidential election this spring.



Members of the same party but far apart: Prime Minister Gunnar Thoroddsen (right) and Mr. Geir Hallgrimsson, the former Premier

Mr. Thoroddsen's coup has profoundly shaken the Independence Party. The political career of its leader, Mr. Hallgrimsson, is at stake. Some party members are urging a clean sweep at the top and the election of an entirely new leadership.

Against the charge of betrayal, the Prime Minister argues that the leadership was out of touch with voters, who wanted it to join a majority government. He refers to the latest opinion polls giving him substantial popular backing. He expresses a wish to keep the party together, but at the same time insists a new leader must be found.

Iceland's foreign policy is unlikely to be affected by the division of the Independence Party and the shape of the new coalition. Mr. Olafur Johannesson (Progressive), former Prime Minister, occupies the Foreign Ministry. In a recent interview, he gave his personal guarantee there would be no change in policy towards the Atlantic alliance and the air base. Mr. Thoroddsen has given similar assurances, while the anti-NATO People's Alliance is apparently content to let the issue of the air base rest for the time being.

Greater uncertainty centres on the stability of Mr. Thoroddsen's Government and even more on its ability to deal with Iceland's economic problem—inflation. Last year's cost-of-living index climbed 61 per cent, the building materials index put on 64 per cent, and the money supply (M3) rose by 56 per cent. The previous coalition Government failed completely to turn the tide.

The election result also raises a doubt as to whether Icelanders are prepared to accept tough anti-inflation measures. The Independence Party campaigned on a Thatcher-style platform to bring down prices. Its relative failure can be interpreted as a rejection of shock tactics by voters, who may have become inured to inflation made self-generating by indexation.

The approach of Mr. Thoroddsen's coalition is more measured, aiming to reduce inflation to reasonable levels in 1982. It may be helped initially by the normal business cycle, as over the next few months the Icelandic economy appears to be heading for a quieter period, and the unions may just agree to wage restraint in return for "social reforms." The danger is that the coalition parties will be unable to put sufficient curbs on public spending.

On the other hand, after the drama of the coalition's formation, Mr. Thoroddsen and his partners have one binding political interest: they have to make this Government work.

UK takes new look at East Europe

By Anthony Robinson, East Europe Correspondent

TOP LEVEL British ministerial visits to Eastern Europe have been thin on the ground in recent years. It has been left to West Germany, France and Italy to forge the closest political and economic links with the Soviet Union's increasingly restive and nationalistic Warsaw Pact allies.

In the aftermath of the Soviet invasion of Afghanistan, however, the UK Government appears to be reconsidering the area's importance. This week alone sees two ministerial visits: that of Mr. Cecil Parkinson, the Trade Minister, to East Germany and, starting today, the three day visit of Lord Carrington, the Foreign Secretary, to Romania.

Serious commitment

British businessmen have complained for years about the seeming reluctance of Ministers to back up their efforts by making the kind of high ranking visits which are appreciated by the host country as proof of a serious commitment to the market concerned.

They also suspect that the relatively low level of UK trade with Comecon—exports of £909m and imports of £1,395m last year—has tempted the British Government to take a harder line on the Soviet invasion of Afghanistan than other West European countries more closely tied to long-term energy supply and co-operation and trade agreements.

In his context the visit of Mr. Parkinson to East Germany is especially significant. East Germany, after all, is one of the most ideologically rigid of the Comecon countries. It fully and automatically backs up the Soviet Union's global foreign policy initiatives both directly, through the supply of military and security advisers to Africa, and indirectly through its votes in the UN and other bodies. Alongside Czechoslovakia and Bulgaria it has given the strongest support to the Soviet Union over Afghanistan.

As such it would seem an ideal candidate for the kind of "cold-shoulder" tactics which the British Government has decided is its most appropriate policy towards the Soviet Union and its closest allies at this time.

Exaggerated fears

The presence of Mr. Parkinson at the Leipzig Fair has reassured businessmen that their worst fears of losing out on contracts as a result of Government policies have been exaggerated. At the same time, however, the desire of the East German Government to promote a business-as-usual atmosphere also reflects the anxiety of East European Governments to maintain their access to Western technology and markets.

This desire is fully backed by the Soviet Union which is banking on being able to import sophisticated products incorporating Western technology from its East European allies both to strengthen inter-Comecon trade links and compensate for any difficulties it might find in its own direct trade with the West.

While Mr. Parkinson's visit reflects the desire to maintain good commercial relations, despite the strong political condemnation of the Soviet Union and the desire to raise the cost of military adventurism, Lord Carrington's trip is designed to demonstrate support for Romania's independent foreign policy in general and its criticism of the Afghanistan invasion in particular.

Gromyko protest

His visit is the first by a British Foreign Secretary to Eastern Europe since the then Mr. Michael Stewart went to Bucharest in September, 1968, one month after the Warsaw Pact Invasion of Czechoslovakia which Romania also strongly criticised.

Alone among Warsaw Pact members, Romania refused to support the Soviet Union in January's UN General Assembly debate on Afghanistan. Shortly afterwards Mr. Andrei Gromyko, the Soviet Foreign Minister, flew to Bucharest to protest against this latest Romanian example of *lese majeste*.

According to leaks from Bucharest, President Nicolae Ceausescu was given a blunt warning to stop embarrassing the Soviet Union and refrain from *giving any* political, diplomatic or other assistance to any country involved in a dispute with the Soviet Union, and to co-ordinate its international actions with those of the "Socialist community."

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Concern in Norway over price upsurge

By Fay Gjester in Oslo

A STEEP rise in Norwegian consumer prices during January and February is worrying the Labour Government and its trade union supporters. The increase, which followed the ending on December 31 of a 15-month prices and incomes freeze, has been sharper than either government or unions expected.

The trade union congress, which is involved in spring wage talks with the employers' federation, says it may seek some kind of government guarantee on curbing inflation, so that pay increases will not be cancelled out immediately by higher prices.

The consumer price index for mid-February, published this week, showed a rise from mid-January of 1.3 per cent, and a *year-on-year rise of 7.4 per cent*. This followed a rise from mid-December to mid-January of 1.4 per cent. Three-quarters of the February increase, however, effected higher import prices, particularly for precious metals and oil. The upsurge in gold and silver prices alone accounted for half of it.

Mr. Sissel Renbeck, the Consumer Affairs Minister, says that the Government still has "satisfactory control" over domestic price increases. These remain subject to a considerable degree of regulation despite the ending of the freeze.

Pressure on domestic prices is growing, though, as various trade and business groups seek compensation for rising costs. The *Norwegian* Retailers' Association has called for an end to the curb on retail trade margins introduced nearly three years ago, and taxi-owners want to raise fares to compensate for higher fuel costs.

Oil companies have been allowed to put up retail prices four times this year, but are pressing for further rises. They claim they are still losing money on oil product sales.

Meanwhile, some groups of workers have not been willing to await the outcome of the spring wage bargaining, and have gone on strike in support of claims for immediate, local pay rises. An official bus drivers' stoppage in Oslo is now in its third week, despite a Labour Court ruling last week that it is illegal and despite TUC appeals to the drivers to return to work.

In Norway's well-regulated labour market, strikers normally resume working, however reluctantly, once the Labour Court has ruled an action illegal. The bus companies are threatening to sue the drivers for damages and have urged the Transport Workers Union to expel the strike leaders.

For the time being, the government is refusing to intervene, though the dispute affects an estimated 100,000 commuters and schoolchildren

Other unofficial stoppages affect plumbers in Oslo and railway maintenance workers

Oil tender restricted

By Our Oslo Correspondent

ONLY NORWEGIAN concerns have been invited to tender for an important contract concerning Statfjord-A, the first production platform on the Anglo-Norwegian Statfjord field. Statoil, the state oil company, said invitations to tender for platform maintenance had gone to Aker-Norsco, Terotech, and Oil Industry Services, all Norwegian owned.

Statoil, which has a stake of nearly 50 per cent in the group developing the field, could not put a figure on the contract's value, but said it was "very substantial."

Deficit may lead Bonn to borrow abroad

BY JONATHAN CARR IN BONN

WEST GERMANY'S Government may emerge as a borrower of foreign funds, in particular from the oil exporting countries, as a result of the country's plunge into current account deficit. The object would not be simply to help the Government cover its budget deficit but to boost an inflow of foreign capital and thus support the Deutsche Mark.

This policy would represent a policy reversal for the West Germans. Until relatively recently, they have been more accustomed to wondering how best to discourage unwanted capital inflows which might disturb the Bundesbank's money supply targets and increase inflation.

When the Federal Government moved in 1974 to borrow abroad through issues of promissory notes, the Bundesbank objected and the scheme was quickly dropped. Now there is reason to believe that the Bundesbank may be more inclined to support such a plan.

While West Germany had a big current account surplus in 1974, it is now facing a deficit this year—caused in particular by a bigger oil import bill—which could be more than DM 20bn (£5bn). The Deutsche Mark has tended to fall even in nominal terms against most other currencies this year and the latest rise in domestic interest rates has failed to change the picture markedly.

The dilemma was set out in detail in an article yesterday in the economics newspaper Handelsblatt by Dr. Johannes Voelling, chairman of the Westdeutsche Landesbank, one of the country's biggest banks. His analysis is known to be close to that of senior monetary officials in Bonn.

Dr. Voelling said the current account deficit meant West Germany was faced with the choice either of dipping deeply into its currency reserves or of encouraging foreign capital imports. The former option should only be used with caution since it implied the country was artificially postponing an essential process of economic adjustment forced on it from abroad.

If neither option were taken, Dr. Voelling said, the result would be further strong Deutsche Mark devaluation. This was the worst of all courses since it meant more imported inflation and a further worsening of the terms of trade.

New rise in Swiss interest rates likely

By David Marsh in Basle

MAJOR SWISS banks are expected to raise interest rates on fixed deposits by about ½ a percentage point in the wake of Monday's moves by the Swiss national bank to encourage inflows into the Swiss franc.

This would represent a further round of monetary tightening in Switzerland. Interest rates have already risen sharply in the past few months, as a result of rising inflation and the weakening Swiss franc.

The banks are negotiating among themselves on increases which could take interest rates on three-to-12 months' deposits to a uniform 6 per cent. Current rates are 5¼ per cent for three-to-five months money, 5½ per cent for six-to-11 months, and 5¾ per cent for 12 months.

Details have not yet been settled, but an announcement on the new rates may be made today. A rise in deposit rates has become necessary following Monday's measures to free deposits of over three months' maturity from the ban on interest payments.

This means that Swiss banks are now in direct competition for fairly short-term funds with banks on the Euromarket which are already offering interest rates of around 6 per cent for Swiss franc deposits.

John Wicks adds: Increased dollar sales by the Swiss national bank in the first 10 days of this month have led *to a marked reduction in the* bank's foreign currency reserves. The national bank, which also repaid a number *of short-term domestic currency* swaps arranged at the end of February, booked a drop of SwFr 2.81bn (£730m) to *SwFr 19.26bn (£5bn) over the* 10-day period ended March 10. This is the lowest level recorded since October, 1978, and follows large *national* bank *intervention* to support the flagging Swiss franc.

● Swiss industry is fairly *optimistic on busines prospects for the next few months,* according to the Swiss Trade and Industry Association, the employers' organisation, Reuter reports.

A survey, completed at the end of February, showed incoming orders in many sectors of the economy last year were higher than in 1978. Orders in hand at the end of 1979 were also mostly above the level a year earlier, the association said.

Belgium bans language war marches

BY MARGARET VAN HATTEM IN BRUSSELS

THE BELGIAN Government yesterday banned all public marches and political demonstrations in the troublesome Fourons district near Liège.

The move follows violent demonstrations last weekend when Flemish nationalists from many parts of the country marched through the area, formerly part of French-speaking Wallonia but now officially included in Flanders.

Two people were reported injured in a shooting incident when Walloon counter-demonstrators rounded on Flemish marchers.

Previous clashes between Walloons, who want the district re-incorporated in Wallonia, and flemings led the Government to ban demonstrations, but marches were still permitted. Increasing violence, provoked by repeated flemish marches through the area, has forced the tighter Government restrictions.

The main francophone political parties are planning to press the Government to disband what they consider to be private armies, including extremist right-wing groups.

The Fourons trouble is part of the wider "language war" which finally caused Mr. Leo Tindemans, the former Prime Minister, to resign, and has been a constant problem for Mr. Wilfried Martens, his successor.

Despite a truce last autumn, when the Government finally enacted a watered-down version of its plans for regional devolution, the issue continues to divert the Government from its attempts to deal with Belgium's pressing economic problems.

The tense atmosphere in Brussels after last weekend's violence has provoked speculation that an abortive attempt to kidnap Mr. Tindemans was politically motivated. But two men arrested later were alleged to have admitted responsibility, and to have said they were interested only in a ransom.

● More demonstrations occurred in Brussels yesterday when several hundred farmers took to the streets to demand a 7.9 per cent rise in farm prices. Commission proposals for a 2.4 per cent increase, they said, would force them off the land.

● *Mr. Tindemans: Attempt to kidnap him foiled.*

Financial disclosure measures before European Parliament

BY JOHN WYLES IN STRASBOURG

MOVES TO harmonise the regulations of EEC stock exchanges were expected to take a modest step forward here last night, with approval by the European Parliament of a proposal that would require quoted companies to publish half yearly reports.

After securing Parliament's backing, the European Commission, later in the year, will put before the Council of Ministers proposals for minimum reporting standards. These would, none the less, leave the European investor in a state of relative ignorance by comparison with his U.S. counterpart.

*The Commission, it is under*stood, would have liked to have been more ambitious and officials point out that a government wishing to impose more stringent reporting requirements on listed companies would have the full backing of Brussels.

As it is, they believe it will be a considerable achievement to pilot through the Council this year a directive which would:

● require the publication of half yearly reports consisting of figures and an "explanatory statement" on the reporting period;

● show figures including "at least" net turnover, other operating income, operating charges, gross operating results and interim dividends (if any) paid or proposed;

● require that the information be accompanied by equivalent figures for the previous year so that "investors can make an informed appraisal of the company's business."

Companies would also be required to give information and supporting figures on the number of people employed, investment decisions, state of order book, capacity utilisation, stocks, and new products and activities significantly affecting turnover.

The Commission's long-term strategy remains the creation of conditions for electronic linkage and trading between EEC stock markets in commonly listed stocks.

However, this is still a very *distant prospect* because of wide variation in the practices and capital formation importance of EEC stock markets.

MPs call for fewer curbs on trade and competition

BY JOHN WYLES IN STRASBOURG

THE EUROPEAN Parliament yesterday joined the EEC Commission in demanding fewer restrictions on trade and competition within the Community. This was despite previous calls from members for increased aid to deprived regions.

The Parliament adopted a report on competition policy broadly endorsing conclusions already reached by the Commission. The effect is to add to that significant body of opinion in the Community which opposes any measure that would maintain unfair national aids to industry or the development of trade protection.

MPs have exhibited a generally liberal, free market view on competition in spite of the fact that this could mean the removal of national aids which tend to create unfair competition between one region and another in attracting industry.

The report, produced by the *Economic and Monetary Affairs* Committee, covered much the same ground as the Commission's own report on competition policy of May, 1979. It calls for strong central direction from Brussels and it wants the Community's nine member states to reinforce and co-ordinate their national competition policies.

Areas which the committee felt needed urgent attention include state contracts, tax evasion, help for small and medium-sized companies in standing up to monopolies, sec*toral aid* (as to the iron and steel industry) and transfer pricing between the subsidiaries of multinationals.

Spanish trade resurgence offset by rising fuel costs

BY OUR MADRID CORRESPONDENT

THE SPANISH Ministry of Commerce warned yesterday that the trade gap would widen this year with oil import costs *expected to increase nearly 100* per cent over the 1979 bill. But officials also predicted a further growth in exports, which had *shown an encouraging trend in* the closing months of last year.

The 1979 trade figures showed a deficit of Pta 482.58 bn (£3.22 bn) an increase of 12.3 per cent on the 1978 shortfall of Pta 429.94 bn. Exports covered 71.7 per cent of imports.

The December figures showed a deficit of Pta 39.98 bn, which was down from the Pta 51.73 bn shortfall the previous month and continued a trend which began last October, the officials *reported. The coverage for* December levelled at an "acceptable" 77.6 per cent, with exports standing at Pta 138.74 bn *and imports at Pta 173.72 bn.* The volume of trade in December was a record.

A Ministry official said the improved December trade result, together with a narrowing of the inflation gap against that of other industrial countries, permitted certain hopes for the coming year. But he said that an increase in the deficit was inevitable in 1980 when the Ministry expected fuel import costs to almost double to represent close to 35 per cent of total imports against 29.5 per cent in 1979.

25 arrested in Padua as hunt continues for Moro killers

BY RUPERT CORNWELL IN ROME

ITALIAN magistrates investigating the kidnap and murder of Signor Aldo Moro, the former Prime Minister, two years ago, arrested 25 people yesterday in another major swoop in the violence-ridden university city of Padua.

The round-up, details of which were still not clear last night, took place at dawn. Charges against those detained are understood to include possession of explosives and the anti-terrorist catchall accusation of "participation in an armed band."

This latest anti-terrorist operation is one of the largest in Padua since last April when Sig. Toni Negri, a political science professor, was among those arrested. Professor Negri was in effect accused of being not only the ideological mainspring behind the far-left "Workers Autonomy Movement" (Autonomia Operaia Organizzata) but also the prime mover behind the Red Brigades themselves, responsible for the Moro episode.

Those detained yesterday are accused of having been responsible for various terrorist acts in Padua and the Veneto region over the past five years, and at least one is understood to be wanted for questioning by Rome magistrates conducting the Moro inquiries.

Despite this new move by the authorities, progress towards uncovering the truth behind the Moro affair remains painfully slow. More than 11 months after his arrest, Sig. Negri remains in prison with nothing but the most general of charges formally levelled against him.

Meanwhile political bickering has resulted in a virtual dissolution of the special parliamentary committee established to look into the affair, just a few weeks after it had begun work.

● The Italian Parliament was due last night to start an urgent debate on a draft Bill which will place air traffic controllers under civilian status, as chaos continued to mount in the country's airports.

The controllers, who have been working to rule for six days, want freedom from military jurisdiction and claim that no real progress has been made on official promises to act on their demands.

Their work to rule has led to widespread flight delays and cancellations.

The atmosphere has become more tense with the instigation by the military authorities of proceedings against the leaders of the work-to-rule, illegal under the existing statute which the controllers are seeking to change.

Last autumn a potentially devastating total strike by the controllers was only averted by the personal intervention of President Sandro Pertini. Since then the Government has managed to prepare a draft Bill, but until now Parliament has not got around to examining it.

Surge in Japan's wholesale prices

BY RICHARD C. HANSON IN TOKYO

THE RATE of increase in Japan's wholesale prices last month was a six-year record, prompting speculation that the Bank of Japan will decide on another big rise in the official discount rate within the next few days.

The February wholesale price index leaped 2.6 per cent from January (when the index rose 2.1 per cent). The increase was the biggest since a 3.9 per cent rise in February, 1974, during the first oil crisis. At 127.2, the index was 21.4 per cent higher than a year earlier (1975 equals 100).

The Government expects that wholesale prices, which have already begun to be reflected in earnest at the consumer level, will continue to climb over the next two months, as oil and other commodity price rises show up in the economy.

While Mr. Haruo Maekawa, Governor of the Bank of Japan, is still in Switzerland conferring with fellow-central bankers, the Japanese Press is carrying reports that the discount rate could be raised by about 1.5 per cent as early as the end of this week.

Aside from the latest price reports, concern is growing over the effect that further anti-inflationary steps in the U.S. could have on the value of the yen. It is generally expected that U.S. interest rates will go up again, jeopardising the Japanese Government's plan to defend the yen against further depreciation.

The Japanese press is speculating that, in addition to the measures announced last week as part of the yen defence package, the Finance Ministry will impose restrictions on outflows of company capital into dollar deposits and U.S. Treasury Bills. These outflows are believed to have risen sharply in recent weeks.

The purpose of last week's measures was to encourage the inflow of capital through liberalisation of certain barriers. The authorities generally seem to have concluded that liberalisation is more effective than restriction in supporting the yen.

Japan last raised the official discount rate on February 19, by 1 per cent, to 7.25 per cent. This was the fourth increase in 12 months. Economists now expect Japan will increase the rate to 9 per cent or more, to slow the still buoyant economy and perhaps restore some order to the panicky bond market.

The Government is preparing a series of anti-inflation measures to be implemented later this month when a final decision on electricity rate increases is reached.

Reuter adds: Japan intends to resist U.S. pressure for it to increase its defence spending substantially, following the Soviet invasion of Afghanistan, Mr. Masayoshi Ohira, Japan's Prime Minister, and his senior Cabinet Ministers, made clear yesterday.

Japanese Ministries have recently hinted that the Government thinks it would be difficult to raise defence spending by 11 per cent as the Americans apparently want.

But yesterday Mr. Ohira, Mr. Saburo Okita, his Foreign Minister, and Mr. Kichizo Hosoda, Defence Minister, underlined publicly that Japan has no programme for drastic changes in its defence spending plans.

The U.S. had asked Japan to enhance its fighting ability, but Japan had to live "within its own circumstances" and would act accordingly, Mr. Ohira told Parliament. Japan should try to modernise its defence forces and not just talk about defence spending, he added.

Slow pace at Namibia discussions

By Quentin Peel in Johannesburg

PROGRESS TOWARDS an international settlement of the guerrilla war in Namibia (South West Africa), on the lines of the Rhodesian settlement, has become bogged down because of South African fears of a similar outcome.

Five days of talks in Cape Town last week between South African and UN officials failed to produce any "visible progress" towards implementation of a ceasefire agreement and UN-supervised elections.

Instead, South Africa has agreed to consider an exhaustive UN explanation of how a demilitarised zone along Namibia's northern border would work and to reply on whether it is acceptable.

South Africans admit that after Mr. Robert Mugabe's victory in the Rhodesian election, the prospects of a victory by the South West African People's Organisation (SWAPO), the nationalist movement fighting the guerrilla war in Namibia, must be assessed more realistically.

The UN team which conducted the talks must now report to the front-line black African states most affected, Angola, Zambia and Botswana. A senior UN official said before leaving that there was a feeling in the international community "that there should now be some progress."

Western diplomats in Cape Town, who were instrumental in launching the initiative, hope that the African bloc at the UN will be sympathetic towards the South African desire for more time to see how the Rhodesian result works out.

However there is a lingering suspicion that Pretoria is merely seeking more time to establish the South African-backed Democratic Turnhalle Alliance as a viable alternative to SWAPO.

Extremist threat to Assad regime

BY OUR FOREIGN STAFF

PRESIDENT Hafez al-Assad's regime in Syria is confronted with what it believed to be its biggest challenge since coming to power in 1970.

The gravity of the situation became clear yesterday with the receipt of information from diplomats and travellers from Syria about large-scale riots last Tuesday and Wednesday in Aleppo and Hama. The curfew imposed by the authorities was only lifted on Sunday.

Troops are reported to have been rushed to Hama in the centre of the country and Aleppo in the North to quell the riots.

Serious damage was caused to public buildings including the offices of Syrian Arab Airlines and Aeroflot. There is no reliable information about casualties.

The dissidents, believed to be members of the fundamentalist Moslem Brotherhood of the mainstream Sunni sect of Islam, had called for a general strike against the regime of President Hafez al-Assad. Fighting involving the use of heavy machine-guns and rocket propelled grenades erupted when security men attempted to prevent shopkeepers opening their stores.

The extent of the protest against the regime whose leadership comes mainly from the minority Alawite sect appears to reflect far more widespread and spontaneous opposition than the outbursts of violence in Aleppo and Latakia last summer.

Leaders of the Ba'athist party are visiting Aleppo, Hama and Homs to speak to the population about "enemy plots, inside agents and how to oppose them."

The trade union movement and farmers announced earlier this week that it had been decided to form popular militias to fight the Moslem Brothers to the end.

The gravity of the situation is shown by the fact that Mr. Assad addressed these meetings. He told workers and farmers that if they needed weapons they would have them.

Mr. Assad launched a scathing attack against the U.S. on Monday, accusing the Central Intelligence Agency of being behind the enemies of his regime.

The Moslem Brotherhood has been blamed for a wave of assassinations and violence which has claimed the lives of more than 100 people during the past 16 months.

David Lennon reports from Tel Aviv: A ministerial committee of the Israeli Cabinet has approved the expropriation of 1,100 acres of privately-owned land in Arab east Jerusalem for the construction of a new Jewish suburb.

"This appears to be Israel's defiant response to the recent Security Council resolution calling for the dismantlement of Jewish suburbs built in the Arab part of Jerusalem, which was annexed to Israel after the 1967 war."

Somare fails in confidence vote

PORT MORESBY — Mr. Michael Somare, Prime Minister of Papua New Guinea since independence five years ago, was defeated on a vote of no confidence yesterday. He immediately succeeded by Sir Julius Chan, leader of the opposition People's Progress Party.

Mr. Somare, aged 43, has been under attack recently for what critics called his autocratic style of leadership.

Sir Julius said his Government would not "close the options" on development of copper and gold deposits at Ok Tedi.

Mr. Somare announced on Monday that his Government had given conditional approval for a consortium led by Australia's Broken Hill company to develop the deposits.

Philip Bowring writes: Sir Julius was Finance Minister in the first years of independence and was to a large degree responsible for conservative, hard money economic policy and for sensible commodity stabilisation schemes.

He favoured a cautious but hard-headed approach to foreign investment.

India's GNP 'likely to fall 1-2%'

By K. K. Sharma in New Delhi

INDIA'S Gross National Product is expected to have fallen by 1-2 per cent in the *financial year 1979-80*, Mr. R. Venkataraman, Finance Minister, confirmed in Parliament yesterday. Agricultural output would be 6 per cent lower, while industrial output would either be stagnant, or would decline.

Presenting an interim Budget which seeks approval of expenditure until July, the Finance Minister said inflation was about 20 per cent during the year. He blamed the Janata and Lok Dal Governments of the previous 33 months for this. "They have allowed the economy to drift, through inaction and mismanagement, into stagnation."

Mr. Venkataraman did not indicate what programmes the present Government would undertake to tackle these problems. Policies would be announced when the final Budget was presented, and after a new planning commission had formulated the Government's Five-Year Plan.

The present plan had been scrapped, since it was "inadequate" to fulfil the promises made by the ruling Congress Party in its election manifesto, he added.

Because of the "mismanagement" of the economy, the Minister estimated the budgetary deficit for 1979-80 at a record Rs27bn (£1.5bn), far in excess of the Rs13.8bn (£763m) provided for.

He left an uncovered gap between revenue and expenditure of Rs12.35bn. No fresh taxation was announced since only a vote on account was being sought until the final Budget, expected in June after the elections to nine State assemblies.

AP adds: Mrs. Gandhi's Government will keep radio and TV under State control, and is taking action against TV officials who punished staff for broadcasting a pro-Gandhi programme *when she was out of power.*

Mr. Yasant Sathe, Information Minister, announced this in Parliament yesterday, in reply to a question by Sanjay Gandhi, the son of the Prime Minister, and a member of the Lower House.

Mr. Gerald Bouey

Canada opts for floating bank rate

By Our Toronto Correspondent

THE BANK of Canada has opted out of visibly setting interest rates by moving for the second time in its history to a floating bank rate.

The central bank hopes that allowing its key rate to float will support the Canadian dollar and keep interest rates in line with rising U.S. ones.

In the past two months the U.S. prime lending rate at commercial banks has risen by almost 3 percentage points to 17¼ per cent while the Canadian prime rate has remained at 15 per cent.

Refinance

Another reason for reverting to a floating rate appears to be the imminence of heavy Government borrowing. There is an immediate need to refinance Government debt in the region of C$400m (about £155m), but the Government has a continuing need to borrow.

The new system, which will come into effect tomorrow, will establish the bank rate—currently 14 per cent—at one-quarter of a percentage point above the interest yield on 91-day federal Government Treasury Bills.

According to Mr. Gerald Bouey, Governor of the central bank, the system will not reduce the institution's influence on interest rates in the country because it will continue to manipulate them by buying and selling bonds and short-term securities.

Adjustments

The most obvious effect of the action will be to make weekly rather than irregular adjustments to the bank rate.

Last week's yield in 91-day Treasury bills was 13.68 per cent. If this week's tender results in the same rate it would translate into a bank rate of 13.93 per cent. But with interest rates rising internationally, Canadian short-term rates are expected to rise as well, pushing up the bank rate in the coming weeks.

Opposition critics said the move appeared designed to remove the bank rate from the economic spotlight and help the new Liberal Government avoid responsibility for high interest rates.

Anticipation of a large increase in interest rates triggered a record slump on the Toronto Stock Exchange on Monday, when the composite index closed down 71.17 at 1,974.59.

U.S. moderates its anger over Tehran hostages

BY DAVID BUCHAN IN WASHINGTON

"WE HOPE that this fairy-tale Government in Iran will come to its senses," said Senator Claiborne Pell after he and other congressional leaders had been briefed by President Carter on the latest dashing of American hopes that the 50 U.S. hostages could soon leave Tehran.

This hang-on-and-hope attitude appears to reflect the Administration's more measured second thoughts on the latest twist of events, after officials had at first exploded angrily against Ayatollah Khomeini's blocking of the United Nations commission's work in Tehran. They accused the Ayatollah of reneging on an agreement that the UN panel should at least see and check on the well-being of all of the hostages, before writing its report on Iran.

Mandate

The five-man UN team has now left Tehran, its report unwritten, for further consultations in New York with Dr. Kurt Waldheim, the UN Secretary General, with the faint possibility that it might go back. The UN was always a fairly weak reed in this affair, and for the time being it has snapped. But the White House *made clear that it is the only* extant hope for a negotiated settlement, saying in a statement on Monday night: "We understand (the UN mission) is prepared to return to Tehran in accordance with its mandate and the instructions of the Secretary General when the situation requires."

Military action against Iran, threatened regularly in the earlier days of the 130-day long crisis, is firmly ruled out. No one in Washington believes that it would place the hostages in less danger than they are in already. The U.S. now has a substantial naval force, with two aircraft carriers, in the Indian Ocean and Arabian Sea. But that is in response to the Soviet threat in the wake of the invasion of Afghanistan. There at least is no talk of using it to blockade Iran.

The White House has kept in very close touch with Dr. Waldheim throughout this crisis, and was evidently reassured by the Secretary-General's statement this week that the UN tribunal would not write its report on Tehran's allegations against the ex-Shah and on past U.S. involvement in Iran while the fate of the hostages remains so uncertain.

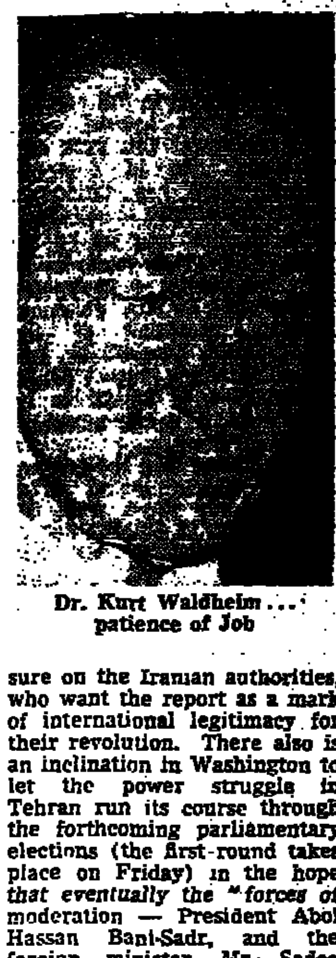
This provides a lever of pressure on the Iranian authorities, who want the report as a mark of international legitimacy for their revolution. There also is an inclination in Washington to let the power struggle in Tehran run its course through the forthcoming parliamentary elections (the first round takes place on Friday) in the hope *that eventually the "forces of* moderation — President Abol Hassan Bani-Sadr, and the foreign minister, Mr. Sadeq Qotzadeh, will triumph over the militants." That hope of course is slender, now that the Ayatollah Khomeini appears to have thrown his support to the latter.

Acquiesced

U.S. officials angrily point out the irony that it was originally the Iranians who demanded that the UN panel should see the hostages—a demand that the U.S. acquiesced in provided there was to be no interrogation of the Americans and that it simply was to be a means of checking that all the hostages were safe and sound. Mr. Cyrus Vance, the Secretary of State, in fact gave the UN lawyers a personal file on each of the 50 hostages, when they left for Tehran on February 23.

While there was a written agreement from Iran that the UN team could have access to the hostages, there never was anything concrete agreed on their release. Dr. Waldheim reflected this dangerous vagueness when last month he described the UN mission as "a fact-finding mission to hear Iran's grievances and to allow for an early solution of the crisis between Iran and the U.S."

The hope in New York and Washington was that the Iranians would be enabled to let off steam about the Shah, and the U.S. to the UN tribunal, and so save face in climbing down and freeing the hostages.



Dr. Kurt Waldheim . . . patience of Job

Dr. Waldheim has displayed the patience of Job and is clearly willing to plug on, trying to bridge the perhaps unbridgeable gap between Iran and the U.S. in the case of the hostages. But that is what he is paid for, and he does not face increasingly frustrated voters in an election this year, as President Jimmy Carter does.

The American President has won considerable respect, at home and abroad, for his level-headed conduct in the Iranian crisis so far. But he has recently been accused of inept vacillation in another foreign policy area—the U.S. vote in the UN against Israel's settlement policy, and his back-handed retraction of it as an "error." It has also not gone unnoticed that Mr. Carter has had to modify his stand in the Iranian crisis since last November, when he declared the U.S. would not accept any UN inquiry, until the Americans in Tehran were freed.

Danger

At the turn of the year, this was modified to a proposed simultaneous setting up of a UN inquiry and freeing of the hostages, and then, last month, to the release of the hostages following the UN inquiry.

Mr. Carter had wider geopolitical reasons for modifying his stand, and these in Washington's view still hold good. Since the Soviet invasion of Afghanistan, the Administration has sought to convince Iran that the real and long-term danger to its security comes from Soviet military forces, now on two of Iran's borders, in the southern Soviet Union and in Afghanistan. Mr. Carter proffered the olive branch of a new relationship with Iran, possibly including aid.

For the moment, too, President Carter has the domestic elbow room to pursue his course on Iran, though public opinion may require a gesture such as formal sanctions against Iran. Stunned by the puncturing of the latest hopes for an end to the deadlock, few of Mr. Carter's political rivals have had any alternative to suggest.

Rohatyn warns on NYC finances

BY STEWART FLEMING IN NEW YORK

NEW YORK CITY'S ability to re-enter the public debt market on its own is "becoming more and more questionable in the current climate." Mr. Felix Rohatyn, chairman of the Municipal Assistance Corporation, said yesterday in a grim assessment of the outlook for the city's finances.

The corporation, which has conducted New York's borrowing since it was locked out of the bond market in the fiscal crisis of 1975, is also seeking a two-year extension of its role as the city's borrowing agent to 1984. This is partly because of the financing problems which are re-emerging as the U.S. economy falters and inflation accelerates.

The problems facing the city are likely to be brought into sharper focus at the end of this month as wage negotiations with municipal workers move into a critical phase.

It is possible that a simmering, and as yet unsettled, commuter railroad dispute will come to a head at the same time as wage contract negotiations for municipal transit workers. Fears exist that the city's transit system could be almost paralysed.

Accelerating inflation has already made the municipal workers' wage claims look relatively modest and has reduced the city's chances of obtaining a settlement on the terms it would prefer. But the rise in interest rates and inflation have added to the city's fiscal problems.

The two years' relative fiscal tranquility which followed approval of a Federal loan guarantee programme in 1978 was about to end, Mr. Rohatyn added.

Treurnicht appeals for unity

By Our Johannesburg Correspondent

A POSSIBLE SPLIT in South Africa's ruling National Party over the cautious racial reforms proposed by Mr. P. W. Botha, the Prime Minister, appeared to have been averted yesterday.

Dr. Andries Treurnicht, the ideological leader of the party's hard-line conservatives, backed down in a confrontation with Mr. Botha over whether a mixed race team should play in a schools' rugby festival and issued an appeal for party unity.

Dr. Treurnicht is, in effect, the second most powerful man in the party as leader of the Transvaal provincial wing. His appeal came after a Cabinet meeting and urgent peace making efforts by fellow *Ministers.*

Mr. Botha is expected to insist on a vote of confidence from the parliamentary party today.

Saudi Arabia's Shi'ite minority troubles Riyadh

ONLY SCORCHED pavements in the market bear visible witness to recent disturbances in Qatif, the squalid centre of Saudi Arabia's Shi'ite community. Its isolation from the Eastern Province's main commercial life was enough to ensure that the troubles, although in the heart of Saudi Arabia's oil region, did not receive the publicity which followed the seizure and siege *of the Grand Mosque in Mecca.*

The Saudi Government and the Royal Family, naturally enough, made no attempt to publicise the riots; for the first open protest by members of the 400,000-strong Shi'ite community probably has graver implications for the regime than the fragmented Ikhwan (or brothers) who were behind the seizure of the Grand Mosque.

For the first time in recent years, a significant number of Saudis are refusing to co-operate with the regime. Looking out at their co-religionists across the Gulf in Iran, they feel their second-class economic and religious status need not continue. Comprising a majority of Saudis working in oil production, and settled less than 50 miles from the undefended oil terminals at Ras Tanura and Juaymah, their capacity to disrupt the country—and the economies of Western Europe—is large.

The Saudi Government is also uncomfortably aware that Qatifi dissent is a mighty lever in the hands of an Iranian leadership with which the Royal Family has yet to reach even the most modest accommodation. "No doubt, Khomeini is a good Moslem," a Sunni official said in nearby Khobar, "but his revolution must not be for export."

The physical evidence of oil wealth recedes on the way to the Shi-ite villages of Qatif, Seihat and Safwa. Khobar's luxurious and untenanted office blocks and the steel frames of new factories give way to shanties and ragged palm plantations. Isolated in towering esparto grass and miles of filthy saltmarsh, Qatif would be hard *to get to even without police* road blocks.

These went up on November 28, when violent riots broke out in Qatif and the smaller village of Seihat. For the first time, the leading Qatifi religious doctors (the *mujtaheds*) had insisted on staging the traditional mourning procession of the Ashura, commemorating the death in battle of Ali, the Prophet's son-in-law. Shi-ites regard him as the Prophet's true successor, unlike the Sunnis, the mainstream orthodox sect of Islam.

The build-up of emotion before the procession, made triply fierce by the news of the seizure of the Grand Mosque in Mecca and the Royal Family's apparent inability to clear it, broke into rioting when a Saudi policeman struck a demonstrator. Seventeen men were killed. On February 1, the anniversary of Ayatollah Khomeini's triumphant return to Iran from exile, a sermon in Qatif's main mosque unleashed a mob on to the market—the souk. Two banks were attacked, about 50 buses and cars and the local electricity office burned, and four people lost their lives, according to shopkeepers in the town.

James Buchan reports on Saudi Arabia's minority Shi'ite sect in the strategic Eastern Province, the centre of the oil industry. They have the capacity to *disrupt the Saudi* economy and that of the West.

The burned-out cars have been towed away and the windows of the Saudi-British Bank repaired, but the police remain. Even late last month, the souk had still not fully re-opened; some shopkeepers kept *their shutters down out of fear,* some out of bloody-mindedness. Over the unfrequented streets, a pall of smoke from the two gas-oil separator plants of the Qatif oilfield reminds the Qatifis and visitors what the troubles were really about. To whom does all this oil belong?

Shi-ites in Qatif, and in the major town of Hofuf where they form a majority, now tend to talk in terms of their exclusion from the civil service and the *armed forces,* and the lack of schools, health care and municipal services in the villages.

Shi-ites have also profited little from the services and construction boom generated by the Arabian American Oil Company (Aramco), which lifts practically all Saudi oil, and the five-year Plan. An automatic bakery in Khobar is the sole "industry" owned by a Shi-ite.

But, in January, leaflets began appearing in the villages. They seemed to provide the first political framework for Shi-ite grievances. Echoeing the *tone of Tehran radio*—and probably published in Tehran or Bahrain—the leaflets called on Qatifis not to co-operate with the Royal Family.

The Shi-ites are only marginally in a minority in the Eastern Province. Most are immigrants from Iraq and Iran, but they claim their origin from the Carmathians who established themselves in the Eastern Province oases in the 9th century.

Shi-ite control over Hofuf's wells was ended early this century by the emerging Al-Saud family of central Arabia and their Sunni warriors. The Saudi leader, Abdul-Aziz Al-Saud, appointed his most trusted confidant, Abdullah Bin-Jalawi, as governor of Hasa (the Eastern Province) and in the next 60 years the region developed into a fief of the Bin-Jalawi family.

Shi-ites commonly complain that the Royal Family's leaders are unconcerned with their condition, while the Bin-Jalawi, installed to consolidate Saudi power over the oases, have no interest in the Shi-ites. When oil production began in the 1950s, Aramco became (and remains) the major authority in Hasa, but the Government's habitual distrust of the Shi-ites, and the arrogance of the local Sunni population, merely increased, they say.

Shi-ites, however, were the only readily available labour to satisfy mounting demand as Aramco expanded in the mid-1970s. They now number 16,000 of Aramco's total workforce of 37,000.

This coincided with a very gradual breakdown of the barriers between Shi-ites and Sunnis outside the company, and also with a feeling among younger Royal Family members, notably Prince Ahmed, the Deputy Interior Minister, and Prince Sattam, the Deputy Governor of Riyadh, that something had to be done.

A brilliant Qatifi, Dr. Jameel Al-Jishi, was appointed director of the project to build an industrial city at Jubail, north of the villages, at a cost of $50bn plus. He remains the only Shi-ite in a position of authority, but Qatifis have also been moving into more modest Jubail posts which otherwise could not have been filled by Saudis at all.

This very gradual approach could not survive the Iranian revolution. Some leading Iranian clerics (notably Ayatollahs Rouhani and Khalkali) singled out Qatif and Bahrain as areas where brothers were being persecuted. Saudi intelligence officials say the reason they missed the massing of the Ikhwan in Mecca was their preoccupation with reports of agitation by Iranian pilgrims in the villages.

When the riots broke out, Prince Ahmad rushed to Qatif and pleaded with the Shi-ites to co-operate, in return for a substantial improvement of their economic lot. For the first time, a Royal Family member admitted the Shi-ites had had a raw deal. Renewed violence on February 1 indicated that the message was not accepted.

In Riyadh, the feeling has been growing that, because of historical bitterness, the fiefdom should be taken from the Bin-Jalawi. Prince Ahmad, it was felt, might be appointed governor of the Eastern Province. However, King Khaled, whose mother is from the Bin-Jalawi family, has evidently decided there should be no change, although one of Crown Prince Fahd's sons is likely to be appointed deputy governor.

The Royal Family is also strenuously trying to come to terms with Iran. Recent weeks have seen some stabilising of Iranian revolutionary fervour, but the encouraging *statements* of President Abolhassan Bani-Sadr and Iranian diplomats are often belied by Tehran or Ahwaz radio.

Stability in the Eastern Province may depend on the efforts of Crown Prince Fahd and his advisers to build a relationship with the Khomeini regime.

Chicago fire strike ends

By Maralyn Edid in Chicago

CHICAGO'S firemen have ended their 23-day strike after their union and the city agreed on a procedure to resolve the dispute.

The firemen struck over what they felt was "bad faith" bargaining by the city. Mayor Jane Byrne had also refused to grant the 4,350 men the city's first contract with public employees despite her campaign promise to do so.

Under the agreement the two sides will put the issues to a fact-finding commission whose recommendations can be accepted or rejected.

"Thirty-fourth successive record year."

STATEMENT BY THE CHAIRMAN, MR. A. M. HODGE To be presented at the Annual General Meeting on 18th March 1980.

Total Funds Now £2,550m. Pensions Annual Income Up 21%. Revised Valuation Basis. Bonus Rates Increased.

LIFE ASSURANCE BUSINESS

Shortage of oil due to the troubles in the Middle East, increasing inflation and the difficulties experienced by exporters due to the relative strength of sterling have all contributed to make the past year a difficult one in the U.K. However, even with that gloomy background, the new business we have sold has for the thirty-fourth successive year been a record. When inflation remains high for a number of years successive claims for "yet another record" might be thought to have a hollower and hollower ring. Rather like Alice, after she had passed through the looking glass, the figures for new business have to run fast simply to stand still. Only where the increase in annual premium exceeds the general increase in prices can we claim to have made real progress. For example, last year's new annual premium was 10% higher than in the previous year, but the comparable increase in retail prices was virtually the same. We can therefore say merely that we have maintained our position in real terms—a creditable performance in view not only of the difficulties I have already mentioned but also in view of the exceptionally large increase in new business we reported for the previous year. A week may be a long time in politics but a year is a short time in life assurance and a better idea of trends is obtained by taking a longer time span than one year. Since 1945, for example, our total funds which now amount to £2,550 million have increased, in real terms, over sixfold. This adds a more solid ring to my announcement that this is another record year. Since 1970 the new annual premiums for U.K. ordinary business have increased, in real terms, by over a third. That this is due in no small measure to the hard work and expertise of our field force is shown by the fact that this has been achieved with no increase in their number.

We continue to extend the range of policies. In October we set up a series of investment funds managed by our staff so that we could offer for sale for the first time policies linked to units in these funds. The first type of policy was a single premium Investment Bond and this, offered to the public on 29th October, has proved popular. The second, on 18th February this year, was a Capital Investment Bond by annual premiums. Policies to provide pension will follow later.

PENSIONS BUSINESS

We would not have expected the heightened activity which occurred two years ago as a result of the Social Security Pensions Act 1975 to be continued throughout last year, but in the event I am pleased to report that in the U.K. 162 new schemes, both insured and managed funds, were started. From all schemes the total annual contributions received last year were £121 million, an increase of 21% over the previous year. This comfortably exceeds the corresponding increase in prices. Indeed over the last ten years the amounts received have increased by over 50% in real terms.

A number of the schemes on our books has arisen as a result of our membership of Insurope. Insurope is a consortium of major insurance companies in various countries, originally confined, as the name implies, to Europe but now extending as far afield as the American continents and Japan. Multinational companies find Insurope useful as a means of providing life assurance and pensions for their employees in whatever country they work.

We have specialised in pension scheme business for over fifty years and have built up considerable expertise and flexibility of approach in the provision of services. These are explained in a new brochure entitled "Pension Scheme Services" which I recommend for study by all our group pension scheme policyholders and prospective policyholders.

CANADA

I am delighted to announce that during the year L. G. Rolland and W. D. Mulholland have accepted invitations to join our Board. Both were members of our former Canadian Advisory Board. Their knowledge of Canadian affairs is of great help to us.

During the last year we have concentrated on building up our sales force and continuing to produce types of policy to suit current conditions. Last year we wrote a satisfactory amount of new business and achieved an increase in total premiums received for both ordinary business and insured group schemes, which is to the great credit of all the staff concerned.

We have also expended much effort in making arrangements to comply with the law of the Province of Quebec requiring the use of the French language. Our negotiations with the Office de la Langue Française regarding the use of French in our operations are continuing and we hope to be given reasonable scope in the use of English within our Head Office in Montreal and in our Quebec branches. In order to trade in the Province of Quebec the Company must, however, have a French name and to this end a Private Bill has been presented to the U.K. Parliament so that we may use the alternative name of Compagnie d'assurance Standard Life.

INVESTMENT

In the U.K. at 15th November 1979 about 40% of our funds at market value were invested in fixed interest securities, 30% in ordinary shares and 30% in property. There were good opportunities at various times throughout the year to buy both fixed interest securities and ordinary shares and in the event we invested £80 million in the former and £70 million in the latter. £27 million was invested in property last year and over the next few years we are planning to invest more than £100 million in that area.

Over the past few years the yields on good completed properties have fallen to such an extent that we have been increasingly unwilling to buy them and instead we have ourselves taken on the task of overseeing directly, or at any rate being closely involved with property developers, in the creation of shopping centres, office blocks and industrial estates. A recent example is the large complex now being built at Cutler's Gardens in London. When completed this will provide about 500,000 square feet of office accommodation, together with residential flats, shops and recreational facilities. Already completed and highly successful examples are the imaginative and popular shopping centres at Brent Cross in north London and at Stirling in Scotland.

ECONOMIC SITUATION

Since the war the evils of inflation have never been far from our minds but until a few years ago no real attempt was made to reduce it. However, the sudden large increase in prices and earnings that took place in 1973 heralded a period of much higher and more variable inflation than the previous, fairly steady, 5% per annum and it was only then that serious efforts were made. Until recently these efforts to curb inflation have concentrated on attempted control of increases in earnings. Although initially successful, such a policy leads inexorably to distortions in relative earnings which cause a build-up in pressure which eventually blows away the controls thus leading to worse inflation. We have seen this more than once in the last few years. The new Government has adopted a different approach which relies more on the control of the money supply coupled with market forces and we wish it every success. We also whole-heartedly support the attempt to reduce government spending. As Patrick Jenkin put it "the towering, frightening volume of public sector debt and the enormous burden of interest needed to service it, is one of the most ominous threats the country faces." The annual interest at the moment is running at a rate of £10 billion a year which is frightening enough, but if inflation does reduce substantially, this interest will become a real burden so large that it might even deter the Government from continuing to take the measures necessary to bring down inflation. This hurdle too must be surmounted.

We welcome the reductions in direct taxation, especially at the higher penal levels. We hope that in the country as a whole the increased incentives to work will result in greater efficiency and increased productivity. We are grateful too for the cessation of Exchange Controls because their removal allows us to invest our funds more freely so that we can produce an enhanced return for our policyholders. Before the controls were abolished, part of the market value of overseas portfolios consisted of the premium on investment currency. On the day the Exchange Controls ceased this premium, too, ceased, thus causing an immediate drop in value. This loss is to some extent illusory for, as my predecessor had occasion to remark four years ago, it is the income that concerns us, not the level of Stock Exchange prices on a particular day. We acquired our overseas assets to provide us with an increasing stream of income—and this is unaffected by the presence or lack of an investment currency premium.

There is no doubt that it is in the public interest to encourage long term savings. The long established practice of giving tax relief on life assurance premiums has without a doubt helped the life assurance industry to play a major role in achieving this end. I hope, therefore, that the Government will consider very carefully before abandoning this practice in any future reform of taxes and allowances.

VALUATION AND BONUS

The yield earned on our long term funds has been increasing for some years now and for the first time since 1974 we have made corresponding increases in the rates of interest used to value individual assurance contracts. Having regard to the nature of the assets and liabilities concerned, the revised valuation basis, as set out in the Actuarial Report, remains by any standards exceptionally strong.

Last year saw a further improvement in the surplus earnings of the Company. Income from our ordinary share and property portfolios improved substantially and although the relative market value of our ordinary shares did not change much in consequence, the market value of our property investment was significantly enhanced. For the third year running, therefore, we have felt able to increase our rates of reversionary and terminal bonus in the United Kingdom and Republic of Ireland. These record rates of bonus fully maintain our reputation as a leading with profit Office.

This year sees a triennial declaration of bonuses under group life and pension schemes issued in the United Kingdom and the Republic of Ireland. During the past three years group life mortality has been relatively light, and the benefit of this good experience has been returned to policyholders. Group pension policyholders have benefited from interest profits earned on the accumulation of their premiums; the rate of bonus declared has been improved and indeed, with increased business, the total cost of the group pension bonus has more than doubled since three years ago.

In previous statements I have at this stage sounded a cautionary note. The past few years have been highly favourable in monetary terms and the benefits from increased earnings have been passed on to policyholders rather than being held back in the fear that current conditions may not continue. Although Standard Life is as well able to maintain its bonus levels as any company, it would be rash indeed to suppose that the current record levels could be maintained were investment yields to fall significantly from their present inflation-induced levels.

STAFF

Last October, after 47 years with the Company, David Donald retired from the post of General Manager and Actuary which he has held since 1970. Under his wise and able guidance, the U.K. premium income increased by more than three and a half times, whilst the number of staff employed today in the U.K. is virtually the same as when he took over. Despite the pressures of work, he always found time to meet and talk to the staff and at all levels he made friends and won respect. I wish to record our thanks for his outstanding service and to wish him many years of happy retirement.

To succeed him we are fortunate to have George Gwilt, who has been one of our Assistant General Managers, latterly in charge of Finance and before that as Pensions Manager. I am confident that under his leadership the Company will go on from strength to strength and we wish him well.

The work that has to be done never seems to become simpler. This year, for example, we were faced with a change in the method of giving tax relief on premiums. Our staff coped with this, as with all other problems, with their accustomed efficiency. Indeed the success of the Company in no small way depends upon the readiness and co-operation of staff in dealing with new problems and accepting changes arising either from new markets being developed or more efficient methods being employed and I would like to thank all members of staff for the part each has played during the past year.

Standard Life

The largest mutual life assurance company in the European Community.

Head Office: 3 George Street, Edinburgh.

Pretoria admits getting Amin arms

BY QUENTIN PEEL IN JOHANNESBURG

ARMSCOR, the South African state arms manufacturing and procurement organisation, confirmed yesterday that it had offloaded a cargo of Soviet-made tanks and ammunition intended for delivery to the former President Idi Amin of Uganda, in April last year.

The cargo had been unloaded from a French ship in Durban, after information was received that it was destined for the South West Africa People's Organisation (SWAPO) forces in Angola, fighting a guerrilla war against South African troops in Namibia (South West Africa), an official said.

The confirmation follows reports that the French shipping company involved is fighting a legal battle with the Libyan Government, which originally dispatched the arms to Uganda. Another of the company's ships has been seized in a Libyan port, it is reported, because the Libyan Government claims that Armscor, although it has agreed to pay, is refusing to pay the real value of the cargo.

It was reported here yesterday that the cargo of arms arrived at the Kenyan port of Mombasa for delivery to Uganda on the day the Amin regime was overthrown, and the cargo vessel was turned around. But the arms were offloaded when the ship put in to Durban to refuel. Ten tanks and about 150 tonnes of ammunition were on board.

Armscor said the arms were offloaded after arrangements with the captain. It said the action was not extraordinary, but common practice in view of the war in Namibia.

There have been no reports of Soviet tanks being used by the South African Defence Force, but the Rhodesian security forces have displayed some which are said to have been captured in raids on Mozambique.

Optimism follows meeting with E. Germans

BY LESLIE COLITT IN LEIPZIG

SENIOR WEST GERMAN and British officials held talks yesterday with top East German economics officials and came away with word that East Germany wants long-term marketing agreements with Western companies in order to help put East German planning on a more secure basis.

Herr Josef Ertl, the West German Agricultural Minister, said he told the East German leadership in his talks at the Leipzig Trade Fair and in East Berlin that the Bonn Government will do "everything to avoid tensions" in relations with East Germany. Bonn, he said, wants to make every effort to "maintain normal conditions in Central Europe."

The Soviet occupation of Afghanistan and the resulting American trade sanctions against Moscow were not mentioned in Herr Ertl's talks with Herr Horst Soelle, the East German Trade Minister, and with a Politbuero member in East Berlin.

Mr. Cecil Parkinson, the Minister for Trade, said he had had successful talks with the East German State Secretary for Foreign Trade, Dr. Gerhard Beil, and with the East German ministers for the Chemical Industry and Metallurgy and the State Secretary for Science and Technology.

Herr Ertl said there was "nothing spectacular" about his visit to Leipzig in the light of the current political tensions between East and West. He said the message he had brought to Leipzig was "that I came."

Herr Dieter von Wuerzen, the State Secretary in the West German Economics Ministry, said that in the talks with the East Germans they stressed the need for more five-year framework agreements with West German companies such as last year's accord under which West Germany delivers crude oil and coal to East Germany and buys back refined products.

Similar agreements could be reached in non-ferrous metals, the East Germans suggested, and in consumer goods production.

East Germany said it expects to offer DM 5bn to DM 6bn (£1.25bn-£1.5bn) worth of contracts to Western companies for plant and equipment in the five-year plan beginning next year.

West German companies are expected to conclude some DM 150m worth of contracts with East Germany at the Liepzig fair for plant and equipment, mainly in the chemical industry.

Rhodesia's mines 'most promising'

By Mark Webster

THE MINING sector is the major area for potential growth in the Rhodesian economy, according to a report published by University of Warwick Statistics Service.

This report has been compiled from a variety of published sources and discussions in the UK and Rhodesia but does not cover the economic policy which Mr. Robert Mugabe's Government might now adopt.

It suggests that the extensive capital investment needed in the mining, agricultural and manufacturing sectors after 14 years of international sanctions will make the new Zimbabwe an attractive place for exporters.

The review points out that the lifting of sanctions should particularly benefit the mining and agricultural sections, producing a sharp increase in the volume of exports in 1980, thus strengthening the country's balance of payments position.

The report is available from Warwick Statistics Service, University of Warwick Library, Coventry CV4 7AL; cost £15

Bos Kalis' Morocco project queried in Dutch Parliament

BY CHARLES BATCHELOR IN AMSTERDAM

AN ORDER won by the Dutch dredging and construction group, Bos Kalis Westminster, from the Moroccan Government has raised questions about Dutch policy towards the Western Sahara.

The Fl 110m (£22.1m) order is for a fishing harbour to be built near the town of El Ayoune, which is in a disputed area of the Sahara, which was taken over by Morocco when Spain withdrew from its African empire.

Mr. Henk Waltmans, an MP for the small left-wing Radical Party, has tabled written questions to the Minister of Foreign Affairs, Mr. Chris van der Klaauw, and to Mr. Karel Beyen, state secretary at the Economics Ministry, about the order. Parliament approved in November a motion calling for The Netherlands to do all it could to oppose the Moroccan occupation and to support the independence of the Saharan people within the framework of the UN.

Mr. Waltmans said he wanted to know to what extent the Government assisted Bos Kalis in gaining the contract and how this could be reconciled with the motion accepted by Parliament. The Finance Ministry has granted Bos Kalis a credit guarantee of Fl 80m in connection with the order.

The Finance Ministry said it had sought the advice of the Foreign and Economics Ministries before granting the guarantee. The reaction of the Economics Ministry was positive, in view of the impact of the order on the Dutch trade balance.

Despite the view taken by Parliament, there were no formal objections to the company carrying out the order, according to the Foreign Ministry. Bos Kalis said the Government had made no objection to its seeking the order.

Linde order in Australia

By Our Frankfurt Correspondent

ICI Australia, the subsidiary of Imperial Chemical Industries, is shortly expected to award the A$ 400m (£200m) contract for the construction of an ethylene plant in New South Wales to Linde, the West German process plant engineering group.

The ethylene plant, which will have an annual capacity of 250,000 tonnes a year, will be built at Botany. Feedstocks will come both in the form of naphtha from Sydney refineries and of butane and propane from gas fields in the Bass Strait.

Technip in £111m deal for Iraq gas complex

TECHNIP said it signed a contract worth more than FFr 1bn (£111m) with Iraq to provide a gas liquefying complex at Zubair in south east Iraq, Reuter reports from Paris.

The complex will treat [illegible] cubic metres of gas a year, producing about [illegible] tonnes a year of butane and propane.

Production at the complex is planned to start in 30 months, using the gas field of Rumaila, it said.

Patricia Newby in Canberra adds: Australia and Iraq yesterday signed an agreement on trade, economic and technical co-operation.

Mr. Hassan Ali, the Iraqi Trade Minister, who is visiting Australia, signed the agreement with Mr. Doug Anthony, Australia's deputy Prime Minister and Minister for Trade and Resources.

Australia's exports to Iraq have increased by more than 100 per cent over the past three years, reaching A$93m (£47m) last year and A$86m in the first six months of this financial year.

Iraq is one of Australia's largest wheat markets. Other exports include meat, grain handling equipment, medical and health equipment. Imports from Iraq last financial year were mainly crude oil worth A$95m.

The agreement provides for most favoured nation treatment between the two countries and a joint governmental commission is to be established to meet regularly in Baghdad and Canberra to promote the objectives of the agreement.

Daimler-Benz in Egypt trucks talks

BY KEVIN DONE IN FRANKFURT

DAIMLER-BENZ, the leading West German motor manufacturer, is considering the construction of a truck assembly plant in Egypt. A decision in favour of going ahead with the project is expected in the next few weeks.

A final site for the plant has not yet been selected, but the company has inspected both existing factories and greenfield sites. If a new factory is built, the total investment could amount to some DM 40m ($22.2m).

It is not yet clear what direct share Daimler-Benz will take in the plant, but an interest ranging from 26 to 51 per cent is under discussion with potential Egyptian partners.

If a decision is taken as planned in the next few weeks, the plant could be in operation by the autumn of 1981.

The plant will assemble heavy trucks from 15 tons upwards, and an output of 1500 to 2,000 vehicles is envisaged for the first year of operation. The capacity of the plant is being planned for an output of 5,000 vehicles a year, a level which could be reached after about five years of operation.

The plan is to serve the Egyptian market at least during the first stages. But with its assembly plant in Saudi Arabia (annual output of 5,000), Daimler-Benz will clearly be in a position to serve other Middle Eastern countries.

Last year Daimler-Benz built a total of 67,695 utility vehicles (commercial vehicles, trucks and buses) abroad—an increase of 1.6 per cent over 1978 — compared with domestic production of 188,772. It has production facilities in ten countries, assembly plants in 24 countries, and a further 4 foreign assembly plants owned by licensees.

Turkey may improve credit payment terms

BY DAVID TONGE

TURKEY may improve the *terms it has offered for repaying* up to $1.9bn (£857m) of arears on unguaranteed suppliers' credits. These arrears have arisen on nearly 100,000 export transactions to Turkey on the basis of cash against goods or cash against documents.

On January 24, the Turkish Government announced it would offer two options to suppliers. The first was that creditors would be paid in Turkish liras over up to two years. These liras could then be used for various purposes in Turkey. The second was that the creditors would be paid back in foreign exchange over 10 years with a 54-month grace period.

The general reaction by suppliers, many of whom have already been waiting for more than three years for their money, has been unfavourable. *This has caused the Turks, who* are looking for credits of more than $1.2bn from Western governments this month, to start a campaign to allay business concerns.

Mr. Turgut Ozal, Under Secretary to the Turkish Prime Minister responsible for co-ordinating economic policy, is now in London. He said yesterday that one of the purposes of his trip, which has taken him to West Germany and will include Belgium and France, is to talk to businessmen about their views and then to see how they can be met: "It is our good wish to do the best," he said.

An improvement of the terms offered could also help increase the credits available for Turkey from the banks, according to one banker.

Malaysia to change oil sharing policy

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government announced yesterday that it would not sign any new production sharing agreements with foreign oil companies, but instead would offer contracts based on monetary payments.

Malaysia felt it was "losing" hundreds of millions of dollars, because it was not getting the benefit from the sharp increases in oil prices under the current production sharing agreements.

It signed three such agreements with Shell and Esso in 1976 and, according to Dr. Mahathir Mohamed, the Deputy Prime Minister and Trade and Industry Minister, the agreement specifically forbids the Malaysian Government to make any readjustments that might affect the profit of the two oil companies.

Esso's agreement also states that the Malaysian Government can not give any special incentives to other oil companies without giving these incentives to Esso as well.

At the time of the signing, Malaysian oil was fetching $12 a barrel, but it is currently selling for nearly $40 a barrel.

The two oil companies pay 35 per cent income tax (5 per cent less than other business concerns) and Malaysia now finds it is losing out heavily on the production sharing.

Malaysia produces 317,000 barrels of oil daily, and about 40 per cent goes to Shell and Esso under production sharing.

Dr. Mahathir confirmed Petronas, the Malaysian oil company would sign an agreement with Occidental next month to explore and develop gas off Trengganu state

British Aluminium lifts aerospace metal output

BY ROY HODSON

BRITISH ALUMINIUM is trebling its output of aerospace sheet metal to cash in on the boom in the world aircraft industry.

The group is out to win a substantial share of the European market for sheet and other forms of aerospace aluminium in the 1980s, with a presence in American and Far Eastern markets.

Facilities for rolling aerospace sheet at the group's Falkirk works in Scotland are being improved to cope with orders stretching into 1981. When the work is completed in June, British Aluminium will be able to produce sheet worth £15m at current retail prices, a year.

Mr. Keith Rugg, British Aluminium's group marketing director, said yesterday that BA's aerospace metal sales are likely to exceed £20m in 1980, compared with £15m in 1979. The business is expected to continue to develop rapidly for several years. The European aerospace market is unlikely to reach a peak before 1985.

British Aluminium is slowly releasing details of its strategy for entering the world aerospace aluminium market.

A joint production and marketing drive will concentrate on the production of sheet metal, extrusions, tubes, and forging material, leaving aircraft plate production to Alcan and Pechiney, the two big European producers.

British Aluminium is strengthening the management and production facilities of High Duty Alloys, the aerospace-orientated company it bought a year ago from the Hawker Siddeley Group for £6.5m. High Duty Alloys has been given an extrusion plant at Warrington which hitherto has made commercial-grade aluminium, and is being managed as a separate entity within the group.

Another British Aluminium subsidiary, Magnesium Elektron, of Manchester, which makes magnesium alloys for aircraft parts, has been included in the aerospace sales drive.

Two BA stockholding companies in the London area and a third in Paris are being geared to supply the European market.

Mr. Louis Cazeaux has been appointed group aerospace sales manager to co-ordinate the production units and companies. The group's technical aerospace team is also being strengthened.

British Aluminium's new drive on the world aerospace market outside Europe will start with a sales team attending the Chinese Air Show in Shanghai in two weeks. BA has sold primary aluminium ingot to the Chinese and hopes the expansion of the Chinese aircraft industry will open up a new market for aerospace metal alloys.

Motoring law review may offer 'new deal'

THE GOVERNMENT'S review of motoring laws could offer a new deal for motorists in the 1980s, Transport Minister Mr. Norman Fowler said yesterday.

Mr. Fowler told a conference of road safety experts at the RAC's London headquarters he was against extra motoring laws and was looking for simpler systems to lighten the load on magistrates' courts.

He said the present totting up procedure was a blunt instrument because an endorsement for a minor offence such as having a defective stoplamp carried as much weight as an endorsement for a hit-and-run offence.

A penalty points system would allow a more flexible approach, he said.

Mr. Fowler said he was also looking for a big improvement in motorcycle training.

"It is surely madness for anyone to take a motorcycle out on the road for the first time without any form of tuition," he said.

Talks with interested organisations have revealed a need to restrict learner riders to smaller machines than the present 250 cc limit.

"There has also been considerable support for the idea of restricting the number of provisional licences which a learner driver can hold and I intend to make an announcement about future policy as soon as possible," he said.

Mr. Fowler said the risk of a motorcyclist being killed or injured was 30 times the risk for car drivers.

The review of traffic laws is being carried out by a working group from the Home Office and the Department of Transport. One option the group is considering is whether the present fixed penalty system — now mainly applied to parking, lighting and tax disc offences — could be extended to other offences.

Shepherd Neame brewing capacity rising 50%

BY GARETH GRIFFITHS, LABOUR STAFF

SHEPHERD NEAME, the independent family brewer in Kent, has completed a £2m investment programme at its Faversham headquarters which will lead to an increase of 50 per cent in brewing capacity.

The investment programme includes a £500,000 mill-house which will be opened this week.

Mr. Robert Neame, the company chairman, said the 1970s had been a bonanza period for small brewers. Shepherd Neame had been living from hand to mouth in the past few years because of insufficient capacity.

The new brewing house meant the company's annual capacity would be increased to more than 156,000 barrels a year. He did not expect the brewery to produce at that rate.

New brewery equipment includes a 120-barrel copper whirlpool understood to be the first in the industry. Most of the equipment used in the new scheme has been produced in the UK. Some was imported from France and Sweden.

Shepherd Neame serves public houses in Kent and the South-East and has been expanding the number of pubs it owns. Last year company turnover was £8,801,000 and pre-tax profits were £853,000.

Probe into ruling against building society premises

FINANCIAL TIMES REPORTER

A PUBLIC inquiry will be held in Galashiels next week into the Border Regional Council's refusal to allow building societies to open up High street offices.

The region's development control committee said it was firmly opposed to more societies obtaining premises and last year refused the Halifax permission to open a Galashiels branch.

The committee says societies and insurance companies have virtually taken over the region's main streets. Before it threw out the Halifax application, it turned down a similar one from the Northern Rock to open up in Kelso.

The Halifax already has an office in Hawick with agents in some of the other main Borders' towns and said that with customers increasing in the area an office in Galashiels was needed and justified.

The Council said: "We are not against building societies establishing offices in the Borders, nor are we trying to keep out insurance companies or any other reputable financial company. On the contrary, they are welcome.

"What we do not want to see is domination of principal shopping streets by societies and the like. We would much rather have them in secondary frontages, leaving the main streets for traders."

The Building Societies Association said: "Like the banks, societies need to be seen as much as possible. There is a lot of off-peak business, apart from the advertising value. The banks are not tucked away round a back alley, so why should be building societies be?"

It is claimed that Galashiels—now the busiest and most prosperous central borders town—has more building societies per head of population than any other town or city in Britain. But in spite of this, there are a number of towns in the region with none at all.

A number of societies are actively trying to establish agencies in the area and one with headquarters near London has been looking for a suitable vacant shop with the aim of opening its first Scottish branch. It would not be interested in anything less than a window at street level in a busy thoroughfare.

The public inquiry was ordered by the Scottish Secretary after strong protests by the Halifax—not so much against the Development Control Committee's decision—but against the reasons for it.

Brokers backing chess tournament

GRIEVESON GRANT, one of the larger firms of stockbrokers, will sponsor the 1980 British Chess Federation Championships in Brighton from August 4-15 for the third consecutive year.

Mr. John Brew, a managing partner, said the sponsorship reflects not only the strong interest in chess within Grieveson Grant, but also the following the game has among investors.

The first prize has been increased to over £1,200 this year, and Grieveson Grant has agreed to contribute over £9,000 for this year's championships, to enable the prize money for the Ladies Championship to be doubled and prizes in other events to be increased as well.

Catamaran trial

SEALINK is chartering a 160-seat high-speed catamaran for a seven-day trial on its Portsmouth-Ryde (Isle of Wight) passenger service. The catamaran is a possible replacement for conventional ferries.

● NEWS ANALYSIS—MARTIN DICKSON LOOKS AT THE CEGB'S CASH PROBLEMS

Curbs on the energy industry

TOUGH negotiations are going on between the Government and the Central Electricity Generating Board about the Board's finances. The outcome could have major repercussions on Britain's power plant manufacturers.

At the centre of the dispute is the Board's 1980-81 financial year cash limit—the amount the Government allows it to borrow externally.

Unless the Government relaxes the limit for the electricity industry — £187m — the Board says it will have to reduce sharply its capital expenditure programme, possibly by £200m out of a total £600m.

Delayed

That could mean delaying the second British - designed advanced gas-cooled reactor (AGR) nuclear station it is planning to build at Heysham in Lancashire. A postponement there would probably mean a similar fate for the planned AGR at Torness, Scotland. The two have been planned in parallel.

As it is, the start of construction at the two stations has been delayed for technical reasons from this spring until August.

The result could be major problems for the British nuclear plant industry, relying on the two AGRs to tide it over the next three years until work starts on the nuclear expansion programme announced by the Government last December.

Why is the CEGB so starved of cash? Part of the answer, it says, is this winter's much lower demand because of the mild weather and strikes. It also has coal stocks some 3m tonnes higher than usual at this time of year, representing unused capital of more than £100m.

The Board originally hoped to make an £88m profit in 1979-80 (£65m last year), but now a small loss seems certain.

The Board has told the Government that unless its cash limit is raised, it will either have to raise prices still higher than the 22 per cent planned this year or slash its capital expenditure. The options for spending cuts include:

● Deferring construction at Heysham, now due to start in August, for between six months and two years, depending on other savings.

● Cutting the Heysham costs by using in it two generating sets originally designed for the Isle of Grain oil-fired station in Kent, where strikes have halted construction.

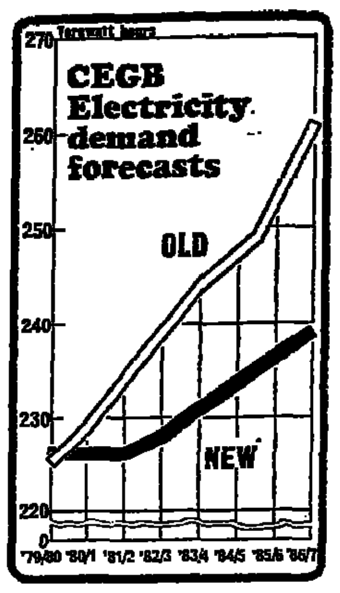
● Mothballing the Littlebrook D station, also in Kent, due to be commissioned in the next two years. Ordered before the 1973/74 oil price rise, this oil-fired station will be expensive to run.

● Reducing the repair and maintenance programme, which cost more than £50m last year, or prematurely closing some elderly power stations, maintained to cushion against surges in demand during winter.

● Lowering coal stocks. This could effect the National Coal Board, ironically cutting demand for steam coal when productivity and output is rising appreciably for the first time in years. With the Generating Board committed to importing 4m to 5m tonnes of coal in the coming year, there must be doubts about its ability to meet its undertaking to buy 75m tonnes from the Coal Board.

The CEGB is able to underpin its financial arguments with new electricity demand forecasts that substantially less generating capacity will be needed in the mid-1980s.

Because of slower economic growth, electricity demand is expected to remain static until 1981-82 rising modestly to 239.4 terawatt hours (1 terawatt hour =1bn kilowatt hours) in 1986-87 —only 6 per cent higher than now and 8 per cent down on previous estimates.



Debating

The Government is still debating its response, but it seems extremely unlikely that the Board is to get any relaxation of its cash limits. Mr. David Howell, the Energy Secretary, almost certainly ruled that out in the Commons on Monday.

One indication of the way the Government may be thinking is the assessment being made by the Central Policy Review Staff (Think Tank) of the effects on the nuclear plant industry of a delay at Heysham and Torness.

The Think Tank team is likely to get an angry response from many parts of the industry. It will be told any appreciable delay is bound to mean loss of jobs in a sector which has not had a new nuclear order since the early 1970s and which is now completing the last of its work.

It will also be argued that any further run-down will make it that much more difficult for the sector to cope eventually with the expansion programme. Under that plan, one new station a year is to be started in the decade from 1982, although this schedule already shows signs of slipping.

At the same time, some members of the industry say delays at Heysham are inevitable because of the Government's failure to go ahead quickly with its planned reorganisation of the National Nuclear Corporation, responsible for the building programme.

Cash limits

The decision on the Board's investment programme it is bound to displease someone. What finally emerges is likely to be an uncomfortable trade-off between four factors which are difficult to reconcile:

The Government's commitment to tight cash limits and a slashed public sector borrowing requirement; the health of the nuclear plant industry; the Government's long-term commitment to nuclear powers, and the uncertain equation between medium-term electricity supply and demand.

Juggling with these issues is far from easy. It is likely to be some weeks before a clear idea emerges of the fate of the two AGRs and the Board's other investment plans.

Stonefield losses 'should be shared'

By Ray Perman, Scottish Correspondent

THE SCOTTISH Development Agency may have less than a month to find a buyer for all or part of its 76 per cent holding in Stonefield Vehicles, in which it has invested almost £4m.

The Government is understood to have set a limit on the amount of the company's operating losses that the agency should bear, and has urged it to find a partner to help solve financial and marketing problems.

Stonefield, which is the agency's biggest investment, manufactures a medium-weight, cross-country truck which has been widely praised but is proving difficult to sell in sufficient numbers to make the project viable.

The Ministry of Defence took much longer than expected to approve the vehicle, which has delayed plans to sell it to foreign defence forces. The workforce has been cut to 100, but the company is still losing money heavily.

The agency began looking for a partner last year, and was talking to a U.S. businessman, Mr. Joseph Tripoli, whose own company, Via Motors, of Buffalo, makes a four-seat utility vehicle. He was thought to have useful marketing expertise.

The talks were discontinued last week and the agency's main hope now is a UK group, although there are still prospects of finding a potential buyer in Europe.

The effective deadline will make negotiations over a possible sale difficult, although the Government is believed to have indicated that if a serious buyer comes forward, it might *be willing to continue* agency support to see the company through a transitional period.

In any event, the agency is extremely unlikely to recover much of its outlay.

Public sector debt £8.06bn in 11 months

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CENTRAL GOVERNMENT revenue and expenditure have *risen faster than expected in the* first 11 months of the financial year, mainly because of the acceleration in the general rate of inflation.

Treasury figures for central Government transactions in February, published yesterday, support recent indications by Sir Geoffrey Howe, the Chancellor, that public sector borrowing in 1979-80 is likely to be nearly £9bn.

Government borrowing in February was £348m, compared with £334m a year ago. The catching-up of delayed payments of VAT at the higher rate helped, by boosting Customs and Excise receipts to three-fifths more than in the same month a year ago.

In contrast, the Electricity Council is believed to have borrowed from the National Loans Fund to repay overseas debt, with no net effect on public sector borrowing as a whole.

This takes borrowing for the first 11 months of 1979-80 to £8.06bn, compared with £6.74bn at the same stage of 1978-79. A total of £9.56bn was projected for the current financial year in the June Budget.

The pattern of borrowing in 1979-80 has been complicated by the timing of direct and indirect tax changes, spending cuts and various special oil payments.

The broad trend is clear. It is that, before taking account of the £700m accelerated payment of Petroleum Revenue Tax *announced in November, public* sector borrowing looks like being at least £1.25bn higher than last June's estimate of £8.3bn. The excess has been trimmed to nearly £9bn by the PRT payment.

The overshoot, which is well within the forecasting margin *of error, reflects the fact that* the slippage has been slightly greater on spending than on revenue and that borrowing by nationalised industries has risen sharply.

The latter may result from the delay between cost increases and price rises.

Central Government lending *to nationalised industries in the* first 11 months of 1979-80 was £906m, compared with a net repayment of £226m a year ago and projected borrowing of £275m for the whole current financial year.

Consolidated fund revenue to the *end of February* was roughly 22 per cent higher than a year earlier, compared with last June's projection of an 18 per cent rise for the full year.

Consolidated fund expenditure—the major component of public spending—to the end of February was 19 per cent higher, compared with a Budget forecast of a 15 per cent rise for the year.

There was a smaller overshoot of 17 per cent—against 15 per cent—for supply services spending on the main departmental programmes. The difference is explained by the rise in the Consolidated Fund share of servicing the interest payments on the National Debt.

Britons spend more on holidays

BY ARTHUR SANDLES

SUBSTANTIAL increases in holiday spending by the British last year, both in the UK and abroad, has heartened travel agents. There had been gloomy forecasts for the coming season.

UK residents spent 39 per cent more on their holidays in 1979 than 1978, according to figures given to the Association of British Travel Agents' convention in Bournemouth.

In Britain spending was up by 40 per cent to £2.4bn and abroad by 38 per cent to £2.6bn. The figures are from the British *Tourist Authority's national* travel survey for 1979.

Earlier, the conference heard gloomy predictions that spending power in Britain would be substantially reduced in the immediate future, and that inflation, a strong pound and rising fuel costs would deter foreign visitors.

But the BTA survey suggests tourism is considerably more resilient than other consumer activities.

It shows Britons took 38.5m holidays in the UK last year, slightly fewer than in 1978. A record 10.25m holidays were taken abroad, a rise of 1.25m *on the 1978 figure.*

The boom in traffic to Yugoslavia has slowed considerably, as people worry about the *country's prospects.*

● A leading package holiday *chief yesterday hit at* Government departments and quangos "over holiday costs. Mr. Kenneth Franklin, head of the Horizon company, said the Trade Department was almost 100 per cent out in forecasting the rise in airport security costs.

Instead of a planned rise of about 30p to £1.10, it was suddenly decided to push this up to £1.60. This meant the extra holiday charge for a family of four was up from £3.20 last year to £6.40 next month, he told ABTA conference.

Spain remains the most popular foreign destination, although the portion of holidays *spent there in 1979 declined to* 25 per cent from 30 per cent in 1978.

In Britain, the West Country is most popular with more than a fifth of British holidaymakers spending at least one night a year there.

Average spending per person abroad last year was £246, 22 per cent more than in 1973. Average spending in Britain on holidays of four nights or more was £62, compared with £44 in 1978.

A main theme yesterday was the cost of British airport security checks. The cost has risen substantially recently and *forms an appreciable part of* surcharges going on some holidays.

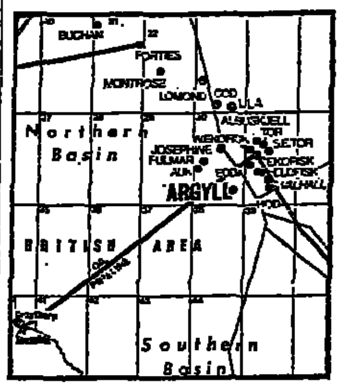
Blowout as Argyll drill hits gas

By Ray Dafter, Energy Editor

A NORTH SEA oil team yesterday successfully tackled a well blowout in the Argyll Field.

Twenty-eight support staff were evacuated from the drilling rig, Ocean Kokuei, as a precaution while Hamilton Brothers, operators of the Argyll field, flew emergency decompression equipment from Aberdeen in case deep sea divers needed to be moved from the rig.

The blowout started when a *drill struck a gas pocket.* Hamilton Brothers said drilling operators saw a small amount of gas bubbling to the surface.



The gas was found to be seeping up through the well casing. To control the blowout the drilling team perforated the well to relieve the pressure. They controlled the flow of gas by pumping down thick *chemical mixtures—known as* drilling muds.

Last night experts were deciding whether to abandon the well—the 13th on Argyll fields' block 30/24. The hole was being drilled about a mile from the converted semi-submersible drilling rig, Transworld 58, which is the production centre of the small oil field.

The Ocean Kokuei had 73 *on board at the time of the* incident. The 28 who were evacuated were moved to the Stirling Ash standby vessel while two divers were in decompression chambers on the rig. The portable decompression equipment was flown from Aberdeen as a precaution.

Hamilton Brothers said last night nobody was injured in the incident. Other companies *in the Argyll consortium are:* Associated Newspapers, Kleinwort Benson, Rio Tinto-Zinc and Texaco.

Shell, BP evidence 'still secret'

By Raymond Hughes, Law Courts Correspondent

EVIDENCE given by Shell and BP to the Bingham inquiry on Rhodesian sanctions busting is still confidential, the Court of Appeal was told yesterday.

It would be absurd if assurances of confidentiality given to the two companies at the time of the inquiry were not to continue after the sanctions order ended, said Mr. Peter Curry, QC, for Shell.

Shell and BP had consented to the confidentiality being waived as far as concerned extracts from their evidence *being published in the Bingham* Report, but no more, Mr. Curry told the Master of the Rolls, Lord Denning, and two other appeal judges.

Shell and BP are opposing a challenge by Lonrho to a High Court judge's decision last week that the oil companies' Bingham documents were covered by Crown privilege and could not be made public.

They have not, as suggested by the headline to yesterday's Financial Times report of the hearing, withdrawn their objection to disclosure of the documents.

Legal battle

A claim for claim privilege, more correctly known nowadays as a claim of "public interest immunity," can be made on behalf of the Government when it believes that disclosure of certain information would not be in the public interest.

Lonrho says that Shell and BP's Bingham documents are crucial to its legal battle against the two oil companies, which is due for arbitration in June.

The arbitration is one part of Lonrho's £100m damages claim against 29 oil companies over alleged sanctions busting.

Last week Mr. Justice Robert Goff said that if assurances of confidentiality, given to ensure Shell and BP's full co-operation with the Bingham inquiry, were not honoured, such co-operation might not be forthcoming in future inquiries.

The hearing continues today.

Cement makers agree peace plan

BY ANDREW TAYLOR

CEMENT manufacturers have agreed to put forward new proposals affecting the timing and impact of future price rises on the construction industry.

In return, contractors have agreed to postpone plans to ask the Government to review the manufacturers' common pricing agreement.

The decision was reached at a meeting between the Cement Makers' Federation and the Federation of Civil Engineering Contractors yesterday.

The contractors said they had been given only 18 days' notice *of this month's 24 per cent* increase in the price of Portland cements, the most widely used on construction.

The contractors' federation is seeking closer liaison with manufacturers on price trends. It hopes subsequent increases might be staged over 12 months to lessen the impact on low margin fixed-price contracts.

It says some kind of early-warning system, aligned to a well-defined timetable for cement price rises, would enable contractors to take account of future likely material costs when negotiating such contracts.

About 90 per cent of civil engineering contracts involve public-sector work, most of which is subject to fixed-price tender.

Contractors say the sharp rise in cement prices from March 1 means that a number of contracts negotiated at the end of last year will now either be loss-making or at best break even.

The cement makers said it had been impossible to give an earlier warning on this occasion. Only a day before their own announcement they had been told of a 20 per cent increase in coal prices.

The makers' federation is expected to make a further announcement on pricing policy later this week.

Petrol systems factory to close

By Kenneth Gooding, Motor Industry Correspondent

DRESSER WAYNE is to close its petrol dispensing systems factory at Bracknell, Berkshire, in June and 239 out of the 300 workforce will lose their jobs.

The company is part of Dresser Industries of Dallas, U.S., which has a $3bn turnover. Last month it announced the closure of its Manchester factory, which produces drill bits for the oil industry, with the loss of 142 jobs.

Dresser Wayne said the decision to end manufacturing in the UK was taken because the market for petrol dispensing systems was falling each year while the cost of development and manufacturing was rising. It was more economic to concentrate manufacture in the U.S.

The high value of the pound also contributed to the decision to close—50 per cent of Dresser Wayne's output was exported, but demand has been very weak in its main markets—Turkey, Iran and Nigeria.

Dresser Wayne said yesterday it will continue to market and service systems in the UK and from the end of this year will be importing a new range from the U.S.

In the past few years Gilbarco, the Esso subsidiary, has captured a major share of the UK market for petrol dispensing systems and has an estimated 50 to 60 per cent. Other UK-based manufacturers include Avery Hardol, the GEC offshoot; Bennett Beck, owned by Molson Industries of Canada and Tokheim, part of another U.S. group.

● Willenhall Manufacturing is to make a further 100 employees redundant at its Wolverhampton car component plant where 283 jobs were cut nine months ago.

Insurance brokers' chief

BY JOHN MOORE

MR. IAN FINDLAY, former *chairman of Lloyd's of London,* is to become non-executive chairman of the British Insurance Brokers' Association, the main professional body for insurance brokers.

He will succeed the present chairman, Mr. Francis Perkins who is to retire later this year.

The executive duties of the association chairman's role are to be undertaken by Mr. Michael Morris, a former under-secretary of the insurance division at the Department of Trade.

Mr. Findlay, 62, was chairman of Lloyd's from the beginning of 1978 to the end of last year. *During his term of office,* Mr. Findlay and the Lloyd's ruling committee instigated an internal Lloyd's inquiry, under the chairmanship of Sir Henry Fisher, into self-regulation within the market.

Mr. Findlay chaired the *Sedgwick Forbes group, one of* the largest UK insurance brokers, before he became chairman of Lloyd's. Sedgwick Forbes later merged with Bland Payne and has become the UK's largest insurance broking group.

Steel secrets were 'leaked' to Granada television

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

BRITISH Steel Corporation policy documents were leaked to Granada Television's "World in Action" programme, a high court judge was told yesterday.

After using them in a programme broadcast on February 4, Granada returned the documents — having first censored them to conceal the source from which they had been obtained, said Mr. Leonard Hoffman, QC, for BSC.

The Corporation asked the Vice Chancellor, Sir Robert Megarry, to order Granada to name the source.

Mr. Hoffman said the documents included very high level confidential papers dealing with BSC's commercial and labour relations policy. Among them *were board minutes and reports* of communications from the Industry Secretary, Sir Keith Joseph.

"According to Granada they were given the papers by an unidentified person — presumably employed by BSC—out of a keen sense of indignation *about dealings between BSC and* the Government before and during the present strike," said Mr. Hoffman.

Granada said in the programme that none of the documents had been intended for publication. Great emphasis was placed on the fact that a *large number had "secret"* stamped in very large letters on them.

BSC had been anxious to get the documents back to enable them to identify from markings the person who had handed them over to Granada, said counsel. The documents had had *a restricted circulation* within the BSC.

Granada's solicitors had returned two boxes of documents that were "mutilated or censored" to remove any identification marks or manuscript markings which might enable BSC to identify the person who *had handed them over.*

The inference was that this was done to conceal Granada's source, said Mr. Hoffman.

The World in Action programme was screened for the judge in court.

Mr. Hoffman said it was clear from the programme that both Granada and their source knew the documents were confidential and "it is quite arrogant for them to say they had a public duty to disclose the documents in the public interest," he said.

Whatever the freedoms of the *Press, they did not include* the freedom to receive stolen property, even though it was honestly handled.

There would have been no need for BSC to come to court had Granada not deliberately defaced the documents, said Mr. Hoffman.

Mr. Alexander Irvine, QC, for Granada, said that the conduct *of both sides in the 10-week-long* steel dispute was of great public interest.

It was plainly the view of the media, and also, perhaps, of the public, that neither side should be entitled to conduct its affairs in secret.

He contended that the court *could refuse to order disclosure* of sources of information where to do so would be in breach of "ethical or social values involving the public interest."

The hearing continues today.

'Open management' plea

THE STEEL dispute was cited by Lord Sieff, Chairman of Marks and Spencer, yesterday as a typical example of the failure of human relations in much of British industry.

On a visit to M and S stores *in Swansea and Llanelli last* week, he found steel workers' wives in an embittered state, he told members of the Press Club. Their husbands had been on strike for 10 weeks and they were eating into their savings. But there was almost no communication between ordinary *steel workers and either BSC or* the union leaders.

He said many did not know what BSC's real offer was and the first they heard of developments in the dispute was from Angela Rippon on television.

Lord Sieff considered that if the present offer had been made at the beginning it would have been accepted. The initial 2 per cent was never acceptable and should never have been made.

He said he approved of the present direction of Government policy, but emphasised that the law alone could never be a substitute for good *human relations,* which covered far more than the traditional industrial relations subjects, such as wages and hours.

Lord Sieff called for open management and said he considered that "very little really needs to be kept confidential."

He advised industrial leaders *to make use of their own staff* amenities, whether canteens or cloakrooms. "Quite a few members of top management know nothing at all about staff conditions."

But, he said there were a number of militant trade union leaders who wanted to change *the social and economic system.* This underlined the case for secret voting on matters such as top union appointments and strike decisions.

But his main emphasis was on the need for leadership by top management. He cited IBM and United Biscuits as organisations where a human relations approach had brought with it "profitable progress."

● Two more arrests were made outside a GKN steel stockholding plant at Newport, South Wales, yesterday, after strikers tried to prevent lorries from leaving. It was the latest of *several incidents there since the* strike started.

Old Masters fetch £213,000

SALEROOM

BY ANTONY THORNCROFT

A *PAINTING* entitled "Shipping in a stiff breeze" by the Dutch born artist William van de Velde the Younger sold for £32,000, four times its estimate, at Phillips yesterday. Van de Velde lived at Greenwich and worked mainly in England in the 17th century. It was bought by the London dealer Paul Mitchell.

British buyers were active in the sale of Old Masters which totalled £213,200. Mitchell again paid £23,000 (around five times the forecast) for a still-life of flowers and butterflies signed and dated 1666 by Ottmar Elliger, the Swedish specialist in floral paintings, while Lisbon gave £11,500 for a woodland *scene attributed to another 17th* century artist, the Dutchman Matthens Molanus.

A Florentine "oak leaf" jar *dating from the first half of the* 15th century sold for £25,000, plus 11.5 per cent buyer's premium and VAT, at a Sotheby's auction of Italian *maiolica and Brussels faience* yesterday which totalled £162,465. The price was well over double the forecast.

The jar was bought by a Canadian collector, Gardner, who also paid £17,000 for an Urbino Gubbio-lustred istoriato *dish, painted by Xanto in 1534,* and £16,000 for an istoriato dish of about 1525. A faenza albarello of the late 15th century realised £12,500. In the *Continental pottery and porcelaid* sale, Davies Antiques bought a 23-piece Meissen tea service of 1770 for £5,500.

Christie's South Kensington disposed of the hats and other items of costume collected, and often worn, by Mrs. Doris Langley Moore. The sale totalled £9,063 and the hats alone £4,177. About 10 per cent were left unsold. Top prices were the £210 for a straw *bonnet of around 1840* and, among the modern hats, £40 from the Victoria and Albert for a "flying saucer" hat by Christian Dior of around 1951, and the same for a red cire straw hat of around 1929 probably by Marshall and Snelgrove. Shoes were in demand and the Northampton Museum paid £170 for two pairs of kid shoes of around 1880. Ten late Victorian corsets were bought for £180.

A pair of large 19th century satsuma vases and covers sold for £6,500 at Christie's sale of Japanese works of art which totalled £121,760. A fine enamel compressed globular bottle vase of the late Meiji period went for *£5,500. Among the* English drawings and watercolours, a pencil and watercolour of shipping by Edward Duncan realised £2,400.

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Jenkin's 'no comment' on Temple gossip

By John Hunt, Parliamentary Correspondent

ALLEGATIONS WERE made in the Commons yesterday that Mr. Patrick Jenkin, the Social Services Secretary, failed to consult Government law officers before deciding to suspend Lambeth, Southwark and Lewisham Area Health Authority last year.

Mr. Jenkin appointed Commissioners to run the area because the authority refused to keep within the Government's cash limits, but recently the High Court ruled that his action was invalid and, as a result, the authority is now being reinstated.

Yesterday, the Commons was debating a Bill to regularise the position for the period which the Commissioners have controlled the affairs of the area.

Mr. Michael English (Lab., Nottingham West) said it was common knowledge in the legal profession that the Attorney General and Solicitor General were not consulted and were therefore not responsible for "this mess."

But Mr. Jenkin replied that he would not comment on "Temple gossip." It had never been the practice of Governments to disclose whose advice they took on a particular action.

Despite the judgment of the court, Mr. Jenkin said he was right to have put in Commissioners.

There had been a consistent refusal by the Authority to live within its income, and there had been "deliberate defiance" of cash limits.

Mr. Jenkin agreed that he could legitimately be criticised for failing to take action in a way that was both lawful and effective.

"But I have not the slightest hesitation in declaring that I was totally justified in taking action to bring the matter under control."

PM queried on Prior

THE PRIME MINISTER was questioned in the Commons yesterday about her public criticism of Mr. James Prior, the Employment Secretary.

Mr. Barry Jones (Lab., East Flint) asked: "Why is the Prime Minister consistently undermining and humiliating the Employment Secretary?"

Mrs. Thatcher answered: "[illegible] not, Sir."

Callaghan calls for hard line on EEC budget

BY IVOR OWEN

IF A MORE *equitable system of* contributions to the Community Budget is not agreed at the EEC summit later this month, Britain should redress the balance by retaining some or all of the VAT revenue which is now handed over to Brussels, Mr. James Callaghan, the Opposition leader, suggested in the Commons yesterday.

This new hard-line approach was strongly endorsed from the Labour backbenches.

The Prime Minister, who had earlier reaffirmed her commitment to keeping Britain in the EEC, *made a cautious response.*

But she did agree with Mr. Callaghan that during the entry *negotiations conducted by the* Heath Government, it was stated that if an unacceptable position arose over the level of budget contributions, it would be for the Community to find a solution *to the problem.*

"An unacceptable position has arisen," she said "and it is up to the Community to find a solution."

Mr. Callaghan assured Mrs. Thatcher *that in seeking to* reduce Britain's net contribution to the Community budget at the Brussels summit, she should have the full support of the Commons.

He recalled that in the entry negotiations when the need for action to deal with an unacceptable situation was acknowledged, it had also been envisaged that expenditure on the Common Agricultural Policy would be reduced to below 50 per cent of the total Community budget.

"It is quite clear that an unacceptable situation has arisen and CAP expenditure has not been reduced," Mrs. Thatcher said.

Mr. Eric Heffer (Lab., Liverpool Walton) a leading opponent *of Britain's membership of the* EEC, maintained that the Prime Minister had weakened the budgetry case by making it clear in her television broadcast to the French people on Monday that in no circumstances would she ever accept the "empty chair" policy or with*drawal from the Community.*

The Prime Minister replied that she believed that it was in Britain's interests and in the interest of Europe that Britain should remain a member of the EEC.

Amid Tory cheers, she emphasised: "I believe that the Community would be very much less effective than it is without Britain.

Mrs. Thatcher explained that in her television broadcast she *had tried to illustrate how the* French would view things if they were in the same position *as Britain, and how fiercely* they would demand justice from the Community.

"We shall go on doing just that." the Prime Minister pronounced.

An *unrepentent* Mr. Heffer shouted: "Then you will not get what you want."

Commenting on the need to reform the CAP, the PM warned that it would be a very difficult task indeed.

"We had to be extremely persistent," she said.

Revolt over block grant

BY ROBIN PAULEY

THE GOVERNMENT faces open revolt from all local authorities and their Tory-controlled associations over its refusal to compromise on controversial parts of the Local Government Bill.

The final split came in the *committee stage of the Bill* yesterday when Mr. Tom King, Local Government *Minister, announced that the* Government was rejecting all the authorities' alternative *proposals to reform of the* rate support grant. The local authorities had been hoping for at least some gesture of compromise and their Tory-led associations have now allied themselves to the Labour opposition in the committee.

The break with the associations is now so complete that they have chosen to table 39 amendments to financial provisions in the Bill through opposition Labour members rather than through their Tory party colleagues.

More than 300 amendments have been tabled so far and the committee has reached only clause 29 out of a total 149.

The Government needs the Bill on the statute books this session and fears that time *may be running short,* particularly as some opposition in the House of Lords is now considered a certainty.

Mr. King therefore announced yesterday that as from tomorrow the Government wants extra Parliamentary time for the committee stage.

The opposition, led by Mr. Roy Hattersley, Labour Environment spokesman, said *privately that if an attempt* were made to force all-night sittings of the committee they would filibuster to ensure that no further progress were made than if the committee adjourned at 7 or 8 pm.

Mr. Hattersley said the Government had broken its promises to consult the local authorities and had rejected their grant plan for no reason. "The Government's aim is to maintain a robust line of dealing with local authorities. We are suffering from a bad attack of ministerial machismo."

Mr. Hattersley found himself leading the case for the Tory associations against the Tory Government, the irony of which delighted him.

The reason was that the Government had treated the councils with total disdain, he said. It had promised to consult but had held only one meeting since the alternative plan was produced and then there had been no real consultation or movement.

"The problem is that the *Secretary of State has a* vision of himself as the man who is going to take local authorities in hand. He wants no damn nonsense about democracy," *Mr. Hattersley* said.

A letter from Mr. Michael Heseltine, *Environment Secretary*, rejecting the alternative plan to the block grant *system says: "My major* objective in introducing block grant was to deal with the *problem of the major overspending authorities and the* pre-emption of grant that flows from high spending.

"It is critically important to provide a grant system which encourages economy and efficient management of resources by all authorities and which provides them with an incentive to keep their expenditure within reasonable limits. The only way we can meet this objective is by securing a link between expenditure and grant.

"Your proposals provide no consistent link between grant and expenditure for authorities spending above the threshold."

A joint statement by the local authority associations and the Tory-controlled GLC last night said: "We are bitterly disappointed. The explanation for the rejection of our scheme is totally inadequate. It met all the objectives the Government laid down in the second reading but now they have changed their objectives. This shows that the Government is *bent on achieving control over* the actions of each and every individual local authority."

Scottish debate move

BY RICHARD EVANS, LOBBY EDITOR

PROPOSALS FOR the debating of Scottish affairs by Parlia*ment have been presented by* the Government to the Labour and Liberal Parties following *the failure of the devolution* referendum a year ago.

Mr. Norman St. John Stevas, Chancellor of the Duchy of Lancaster, has set out the proposals in discussion papers for interparty talks sent to Mr. Bruce Millan, Shadow Scottish Secretary, and Mr. Russell Johnston, chairman of the Scottish Liberal Party. It is hoped to hold the first explora*tory meeting on the proposals* before the end of the month.

The package is designed to turn the Scottish Grand Committee of MPs into a more *effective forum of debate.*

Among the proposals is the holding of Grand Committee *meetings* in Edinburgh on Mondays or Fridays, or both.

It is also suggested that Question Time on Scottish subjects and adjournment debates on Scottish subjects could be taken by the Grand Committee.

Under the plan, more days would be devoted to genral subjects for debate rather than specific legislation. It is also suggested that English MPs, now co-opted on to the committee because of lack of numbers of some parties, should be withdrawn.

Labour convinced it can win

BY PHILIP RAWSTORNE

MRS. MARGARET Thatcher's party political broadcast may be addressed to the country tonight but it will be directed primarily towards Southend East.

It is the last poll card that the Conservatives can deliver in the by-election campaign: and their chances of holding the *seat may depend heavily on* the loyalties it can stiffen and the support it can summon forth tomorrow.

For the Labour Party is convinced that it now has an historic by-election victory within its grasp.

There is little evidence to rebut their claim except for the fact that even in their best years they have never taken the seat before.

Sir Stephen McAdden, the Tory MP for 30 years, whose recent death caused the contest, bequeathed his party a majority of 10,774.

But the creashing collapse of that bulwark has set the Tory nerves twitching and forced them into frantic shifts to shore up their position.

Mr. Teddy Taylor, the former junior minister who has come down from Cathcart to fight for the Tory cause, has been on the defensive from the outset.

It is not a political stance which suits his Scot-pop personality: it has muted his political exuberance, pulled his punch.

As the campaign has progressed, Mr. Taylor has looked more and more the wrong man in the wrong place at the wrong time.

He has to spend much time *explaining his presence so far* south of the Border: emphasising that his holiday flat is not to be taken as a sign of *transient* interest in the resort as a mere route back to Westminster.

He has acquired an impressive local knowledge. He clutches Southend to his heart *—" they are my kind of people,"* he declares.

But his identity problem is accentuated by the bevy of Scots reporters and television crews at his heels. Glasgow's farewell appears far more sympathetic than Southend's reception.

The seafront amusement stalls stand shuttered against the wintry weather—and in the *carefully* tended terraces, detached homes and council estates behind them, voters are undoubtedly turning their backs on the Government's chill economic policies.

Owner occupiers bemoan the mortgage rate; council tenants bewail their rents. A third of the constituency's working population are commuters who have just been hit by increased fares.

Unemployment and short-time working is on the increase—1,800 local jobs have been lost this year.

TAYLOR: The wrong man in the wrong place

Hugh Routledge

Mr. Taylor freely admits that a substantial section of Tory support has been rapidly eroded by this climate. And that with the prospect of more price increases, it will be difficult to rebuild.

Half of that 10,000 majority —mainly first time Conservative voters who doubled the normal post war Tory margin in the last election—have deserted.

But the signs are that much of the traditional bedrock has also been eaten away. "This is a marginal seat," Mr. Taylor confesses, hoping that pronouncement will make it less so.

A faithful band of Tory ladies trudged the terraces this week revisiting what were described as "the disgruntled." in an effort to persuade them to turn out again tomorrow.

"We've just got to win this by-election, just got to win it..." *says one canvasser,* travelling optimistically to the eighth floor of a tower block *only to find further discontent.*

Mr. Taylor might have wished for more support from Cabinet *ministers.* But he works assiduously, promoting loyalties rather than provoking the opposition, complementing his tough approach to law and order with a caring word for pensioners, some 14,000 of whom figure on the voting list.

"The choice here is to back the Government which is facing neglected problems with courage and determination or to give your blessing to a Labour Party dominated by the Left-wing and militant extremists," he declares.

But few see the situation in such simple terms—though none either see it quite *so confusedly* as Mrs. Sally Oppenheim, the Consumer Affairs Minister, who told party *workers this week:* "We have pulled back a good way from the abyss and we are *now at the crossroads."*

Given such directions it would not be surprising if quite a few stayed at home during polling tomorrow.

The question of how many turn to the Liberals will be the key to the result.

Mr. David Evans, the Liberal candidate, is quite confident of substantial conversions.

His office walls are ostentacious with some of the proof—letters which assert "I was Tory to the backbone but..": "I have been a Conservative for 28 years and am now very disillusioned...": "I would like to join the Liberals if it is not too costly..."

Mr. Evans, a local man and former town councillor, fought Southend's western constituency last year.

He has made much of the contrasting borders that he and Mr. Taylor have crossed to join issue now.

For all that advantage, however, his campaign got off to a slow start, was diverted by the *unexpected entry of an independent* Liberal, and only in the last few days appears to have *been gaining ground.*

Mr. Evans will not win: and he has followed Mr. David Steel's cautionary advice not to make any rash claims that he will. But he chats charmingly on the doorsteps, knocks extremism of the Right and Left with a will.

Evidence of a Liberal revival has brought almost as much *cheer to the Labour camp* where it was counted on to weaken the Tories.

Mr. Colin George, the Labour candidate, is even better known locally than Mr. Evans. A *magistrate and former* councillor, he has taken leave of absence from the town's citizens' advice centre which he runs to offer more general political guidance to the townspeople.

"This Government has done more in ten months to damage the living standards of the people and to divide them than any government since the war," he says.

He attacks Mr. Taylor not for his origins but for what he stands for. "He represents everything I detest" Mr. George snorts. "He stands for Thatcherism."

Mr. George is a moderate, except in his references to the Government. He is firmly in the central non-conformist strand of the Labour Party and he speaks commandingly of co-operation, consent and community.

He appears to have found a very receptive *audience—and* one that is seemingly unconcerned whether he is flanked by Mr. Eric Heffer and Mr. Anthony Wedgewood Benn or by Dr. David Owen and Mrs. *Shirley Williams.*

Mr. George's campaign has run an untroubled course *planned on the assumption that* if Labour can get out its traditional vote, Tory abstentions *and the inroads into Tory* support made by the Liberals would do the rest.

Mr. *George says that* he has found a "massive resentment" against Mrs. Thatcher and an *enthusiastic determination to* seize this chance to hit back.

Labour's canvass suggests that *it will not fail for apathy* this time and that a majority of over 1,000 is within reach.

Whether Southend goes that far in handing out its rebuke to the Government or not, even *the most optimistic Tories* are bracing themselves for a nasty knock.

Southend East by-election

Candidates: Edward Taylor (Conservative): Colin George (Labour): David Evans (Liberal): Commander William Boaks (Public Safety, Democratic Monarchist, White Resident): James Curry (Independent Liberal); Terence Robertson (New Britain): Oliver Smedley (Anti Common Market and Free Trade).

General Election 1979 result: Sir S. McAdden (Conservative) 22,413: T. N. Wright (Labour) 11,639: J. Hugill (Liberal) 5,244: P Twomey (National Front) 676.

Conservative majority 10,744. Electorate 57,524.

GEORGE: Appears to have found a receptive audience

Hugh Routledge

GREEN PAPER ON THE EXCHEQUER AND AUDIT DEPARTMENT

The role of the Auditor General

PROPOSALS for the future role and organisation of central *government's public audit service*—Exchequer and Audit Department—were published in a *Green Paper yesterday.*

The department is led by Sir Douglas Henley, the Comp*troller and Auditor General.*

The Paper discusses three main questions—What kinds of audit should the *C and AG* undertake? How far should his responsibilities extend? What should his status be *in relation* to Parliament and the Executive?

The Paper says the role of the C and AG should be to provide a basic financial and regularity audit of Departmental accounts: to examine the economy and efficiency with which public funds are spent and, in appropriate cases, to investigate the effectiveness of programmes and projects in meeting established policy goals.

The Government's provisional views can be summarised as follows:

- *The effective working relationship* between the C and AG and the Public Accounts Committee *should be preserved.*
- In the case of non-departmental bodies an important *objective of the C and AG's* examination should be to review the effectiveness of the arrange*ments under which Ministers* monitor and control the payment of public funds.
- Decisions whether to provide for C and AG audit or inspection *of non-departmental bodies need* to be taken case by case. The C and AG should not cover the *nationalised industries.*
- Certain powers of direction available to the Treasury in the E and AD Acts are obsolete and could be removed in any new legislation.
- The Government are prepared to consider alternative arrangements for controlling the budget of the C and AG but the implications for the staff of E and AD woud need to be considered.
- The independence of the C and AG of both the Executive and Parliament should be reaffirmed and there should be no change in his status as an office holder under the Crown.

Efficient

As the Government's external auditor the C and AG is a key figure in the system of public audit. His role needs to be viewed in the context of the general framework of Parliamentary accountability, which is based on the principle that Parliament grants supply to the Crown and holds the Ministers *accountable for the use made of* it.

The Government believes that *an efficient and thorough financial* and regularity audit of Government Departments must remain the foundation of the C and AG's work as a whole.

In modern conditions the most cost-effective means of carrying out the audit task is *likely to be a systems-based* approach based on evaluation of key internal control systems, *supported by substantive tests* of selected items of information in the accounts and records.

Local authorities are autonomous bodies answerable to their own electors and not to *Parliament* or to *Ministers* and in England and Wales present legislation gives local authorities the choice between commercial and District audit. Most have opted for the latter.

The C and AG suggested, in his observations on the Eleventh Report of the former Expenditure Committee that an amalgamation of the District Audit with the Exchequer and Audit Department under the C and AG would have certain advantages.

But the difficulty with this sort of proposal, with the implication of a closer relationship between local authorities and Parliament, is how to reconcile it with the existing constitutional arrangements and to avoid confusing the division *of responsibilities.*

The Government accept the importance of maintaining and *further developing an effective* local authority audit and of promoting efficiency across the whole range of local authorities. In the light of experience of the Advisory Committee's first 12 months of operations they plan to consider what scope, if any, *there is for strengthening existing* ararngements in order to increase the impact of the work *of District Audit among local* authorities.

In the Government's view the proper division of responsibilities between Ministers and Nationalised Industries, which is vital to their efficient operation, is appropriately underpinned by existing arrangements for the industries' audit and accountability. The Government are not persuaded that it would contribute to the efficiency of the industries for the C and AG to be *involved* as well.

Access

The PAC recommended in the previous Parliament that the C & AG be granted rights of access to the books and records of the British National Oil Corporation. The Government are at present considering the future structure of the Corporation's activities and a *final view about the appropriateness* of providing for C & AG access should be *reserved until conclusions are* reached. But the Government at present incline to the view that the C & AG should not be granted access.

The PAC also recommended that the C & AG should be given access to the books of the National Enterprise Board. There are arguments both for and against this. In some respects the NEB resembles the generality of nationalised industries. The changes recently announced in the NEB's role will result in the reduction of *its activities, but in essence* these will remain the same — save for the reorganisation *function—and the NEB will* retain a substantial measure of autonomy.

The Government will consider the question in the light of comments on this Green Paper.

The suggestion was made in 1977 by the Expenditure Committee, and subsequently by the Procedure Committee, that certain powers of direction available *to the Treasury* under the E and AD Acts are inconsistent with the claim that the C & AG *is fully independent* of the Executive.

The Government have no wish *to maintain CSD control for its* own sake, but they believe that there should be some external *oversight of the C & AG's* budget and the staffing costs of the E and AD. Present arrangements take advantage of the wide relevant expertise of the CSD, and if the responsibility were exercised unreasonably, the C & AG, being independent, could report the matter to Parliament.

The Government would be ready to consider some form of control by the House of Commons Commission as an alternative. Any changes would need to be discussed with the Staff Side of E and AD, particularly if they would result in the staff ceasing to be members of the Home Civil Service and could reduce opportunities for exchanges with other Departments.

Resources

As for the C & AG himself, the Government consider that independence in the exercise of his responsibilities, and in deciding on the disposition of his staff resources and on audit priorities, is of fundamental importance to a national *auditor. The nature* and balance of his work under the statutes should not be subject *to direction from any quarter.* The PAC of Session 1978-79 also considered that the C & AG's *independence was essential* to the function of his office as the Government auditor, and that there should be no external constraint on his right to determine the direction and application of his audit resources.

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Rail unions to submit joint claim for 20%

BY PHILIP BASSETT, LABOUR STAFF

ALL THREE rail unions yesterday united behind a joint pay claim, estimated to be for at least 20 per cent, in order to present a common front to the British Railways Board for what union leaders believe will be a difficult round of pay negotiations.

The unions will seek a meeting with British Rail this month to present the claim. All three have already submitted notices of their individual claims.

The joint claim is essentially that proposed by the National Union of Railwaymen, the largest union in the industry. It is for a substantial increase in pay, shorter working hours as a stage towards a 35-hour week, and longer holidays.

In the light of the differences between in particular the NUR and the train drivers' union ASLEF which re-emerged in last winter's four one-day national rail strikes, it is perhaps more significant that yesterday's meeting between leaders of the three unions produced a measure of co-ordination on pay aimed at surviving the full run of the negotiations, rather than just the opening.

The unions agreed to co-ordinate action at each stage of the negotiations. No single union should attempt to hold to a "rigid or inflexible policy" in the joint union discussions.

During last winter's stoppages, ASLEF insisted on maintaining its claim for a 10 per cent special responsibility payment for drivers alone, while the NUR wanted to broaden the claim to include all railway staff.

One union official said it was the first time in recent memory that the unions were going into negotiations united around a joint claim.

The outcome of yesterday's meeting does not affect the unions' individual positions on the question of BR's productivity proposals. ASLEF still wants to pursue a separate claim, while the NUR would like to see joint agreement on its own £300m productivity terms.

Adjournment of BBC claim prompts call for pay proposals

BY PAULINE CLARK, LABOUR STAFF

THE Association of Broadcasting Staff, the biggest union in the BBC, yesterday called on the corporation to state its pay proposals to 28,000 staff.

The demand, in a letter to Mr. Michael Bett, BBC director of personnel, swiftly followed the adjournment of the Central Arbitration Committee's hearing of a claim aimed at closing the gap between BBC pay rates and those in commercial broadcasting.

The CAC told the four unions involved and the BBC that the union claim was being put on ice because of the imminence of annual pay negotiations for the April 1980 pay settlement —believed to be the first time this has happened.

The unions this year presented the CAC with an argument for a 29 per cent rise under schedule 11 of the Employment Protection Act. They now fear that if the annual pay negotiations do not end quickly and satisfactorily, they may have lost their chance.

The schedule 11 provisions would be repealed when the Government's Employment Bill becomes law.

The BBC said yesterday it would also be in difficulties because of the CAC decision. It would be negotiating in "a vacuum," as the unions might return to the CAC after a wage settlement was reached.

It was made clear to BBC staff only last month that any rise in pay of more than 16½ per cent over the coming financial year would have to be paid for in further staff cuts.

Mr Tony Hearn, general secretary of the ABS, said yesterday that the same arguments used by the unions in their CAC claim would be employed in negotiations with the BBC.

The gap between BBC pay and commercial radio and TV pay was such that the BBC could find itself faced with serious staffing difficulties.

Mr Hearn said the letter to the BBC pointed to the CAC's comment that the facts presented by the union "plainly establish a prima facie case that the claim is well founded."

The BBC accepted this "and indeed indicated their feeling that evidence of detailed comparisons might show that the arithmetical calculation underestimates actual differences in levels."

● The BBC is considering closing its foreign correspondents offices in Tokyo and Sydney, to cut costs. This would reduce the number of BBC correspondents' offices abroad to 13.

NICK GARNETT ON TODAY'S CRUCIAL PAY NEGOTIATIONS

Clearing the bank muddle

PAY NEGOTIATIONS for 150,000 clerical staff in the five principal English clearing banks begin this morning.

The smoothness with which they are completed will be an indicator of the ability of the banks to agree with staff associations and unions a sensible structure for future pay bargaining.

That the talks might be a form of test case is important because of the disagreements and disorganisation that have afflicted bank labour relations over the past few years. The last annual pay negotiations degenerated into separate domestic negotiations for the five banks.

Employers

The employers have a difficult circle to square because of two contradictory claims from the Banking, Insurance and Finance Union on the one hand and the staff associations at three of the banks, acting jointly, on the other.

The two union groups cover the same staff and the employers, meeting the staff associations in the morning and BIFU in the afternoon will make exactly the same offer to the two.

The banking union has tabled a general claim of 25 per cent, but is seeking rises of just over 30 per cent on the minimum salary and for medium-grade cashiers.

The claim from the three staff associations at Lloyds, National Westminster and Barclays, however, has a built-in differentials scale from 20 to 28 per cent for clerical grades 1 to 4 covered directly by the negotiations.

This is in line with the emphasis staff associations' — which have a much greater joint membership in the clearers than BIFU—place on improving differentials eroded over the past five years. It also meets the aspirations of many of the better-paid staff in an organisation where the hierarchical system is deeply rooted.

One way of providing for improved differentials without antagonising BIFU would be to make very large payments right up the line.

The banks, however, will want to keep the rises under tighter control, as total pay bills account for about 70 per cent of banks' operating costs. Despite this, bank negotiators seemed reasonably confident yesterday that their approach to pay this year will satisfy both staff associations and the banking union.

The recent Lloyds Bank arbitration settlement for managers has thrown the cat among the pigeons. This settlement provided increases of 3.2 to 8 per cent, backdated to last April.

Pay in the banks for all staff above the four basic clerical grades—for which there are national negotiations—are handled domestically. Pay is roughly comparable from bank to bank for these domestically negotiated grades—ranging from specialist, senior clerical workers to top managers—and therefore the other four banks will probably want to make up some of the ground now lost to Lloyds.

This will not affect today's negotiations. What will have some bearing, however, will be any attempt by BIFU to regain some points from the staff associations.

In the competitive recruiting atmosphere of the banks, BIFU might feel that it has forcefully to pursue the elements of its claim which, in opposition to the staff associations, would reduce certain differentials.

Satisfied

There is no sign yet that that will be the case. Last year, BIFU was satisfied in the end to accept pay deals which had improved differentials built in.

The union, however, through its relatively strong membership in the banks' computer services, has the power to make the banks' operations really difficult if it has the support of those members.

In a period of free collective bargaining, the banks are hardly on firm ground to argue against giving substantial rises. Profits have been relatively enormous, the inflation rate is 18.5 per cent and rising, and increases in average earnings elsewhere are running at about 19 per cent.

Some union negotiators have seized on earlier statements by the Prime Minister that unions must negotiate on companies' ability to pay.

Mr. James Prior, Employment Secretary, has warned more than once that this should not be a carte blanche to the unions to grab big rises out of big profits.

Union officials view "free bargaining" in a very open way and most of the staff body negotiators say simply that the banks can easily afford a big settlement.

The banks might argue that last year's settlement, worth about 20 per cent, ran for only nine months; that this year has been very special for profit figures, and that the 5 per cent mortgage interest rate for new staff protect them from some of the increase in the RPI.

Increased profits will also mean higher direct payments under the banks' profit-sharing schemes. Some of that is no doubt true, but it is questionable how much weight it will have with union negotiators.

Present salary scales for staff outside London: clerical grade 1 (includes machine operators), £1,978 to £2,979, Grade 2 (includes cashiers), £2,494 to £4,159 with standard rate of £3,585. Grade 3 (includes securities clerks), £3,510 to £4,921 with a standard rate of £4,383. Grade 4, £4,114 to £5,681, with standard of £5,071.

There is also a Christmas bonus worth 2½ per cent of salary, and profit-sharing, which last year was worth a further 5 per cent of salary.

Allowance

On top of that, all staff in London and the suburbs receive London weighting ranging from £823 down to £204, depending on nearness to centre, together with a London supplement ranging from £200 to £50. There is also a £181 allowance for staff working in selected large towns.

Overtime is worked at time and a half, double time on Saturdays and Sundays.

Managerial salaries vary from bank to bank, along with their job descriptions. The national minimum managerial salary is £7,617.

Managerial salaries at Barclays, for example, range from £8,600 to £10,400 for managers at small branches, £10,000 to £12,000 at medium branches, and £18,300 to £23,500 for the biggest branches.

Civil Service may revive joint policy forum

BY PHILIP BASSETT, LABOUR STAFF

THE CIVIL SERVICE Department and union officials are considering whether to revive the idea of a joint forum on manpower policies following a meeting yesterday on the unions' legal attempt to enforce the disclosure of information.

The meeting was held under the auspices of the Advisory, Conciliation and Arbitration Service to consider the unions' complaint against the Government under the Employment Protection Act to force the disclosure of information about plans to reduce manpower costs.

The unions consider the complaint as a test case of the legal relationship between civil servants and the Government as their employer.

The most likely outcome being studied is a revival of a joint committee on manpower, first mooted two years ago and shelved after a failure to agree terms of reference. The unions wanted to include the idea of negotiation on manpower in the terms, but the Civil Service Department refused to accept this.

Civil Service Department officials were careful to stress yesterday that while such a forum would give the unions much greater access to manpower information, the Government would still insist that there were some areas where it would have to reserve its right to manage the Civil Service as it thought fit.

The Institution of Professional Civil Servants, which represents about 100,000 professional and technical staff, said yesterday that two of its members had been suspended for complying with union instructions in refusing to supervise a new productivity scheme for industrial grades.

The IPCS said that the two members at Royal Naval Armament depots at Trecwyn and Milford Haven, South Wales, had refused to supervise a scheme which would lead to supervisors receiving £50 a week less than the workers they supervised.

Meccano checks stocks after bailiffs end sit-in

EXECUTIVES OF Meccano yesterday started an inventory of stocks and machinery after bailiffs and police ended a 102-day sit-in by workers at the doomed Liverpool factory.

The bailiffs moved in at dawn to execute a High Court writ returning possession of the factory to Airfix Industries, the parent company.

Only four of the original 940 workers were on the site and they left peacefully after the bailiffs forced their way in. A picket line of about 50, later formed outside the plant, but there was no sign of the hundreds of Merseyside trade unionists the Meccano workers had claimed would support their campaign against Airfix's plans to close the factory.

It is estimated that it will take management, led by chief-executive Mr. Derek Dobbs, a fortnight to check the £2.5m stockpile of Meccano sets and Dinky toys before they, and the machines, are moved out.

Meanwhile, union officials and senior shop stewards, who have promised to continue the campaign, will today meet Councillor John Hamilton, leader of Liverpool City Council. They will discuss the possible intervention of a mystery bidder said to be interested in taking over the works.

Beer supplies disrupted

BEER SUPPLIES to Courage public houses in Greater London are being disrupted by a dispute at five depots involving 300 drivers and draymen, members of the Transport and General Workers' Union.

Work has stopped at Tower Bridge and Southwark. Merton, Peckham and Bermondsey depots have been affected.

Talks have been held between the TGWU and Courage, part of the Imperial Tobacco group, over a new work schedule. Courage said last night it was hoped there would be a settlement shortly.

Beer supplies in London have been disrupted during the past three months at Courage public houses because of industrial disputes. The publicans union, the National Union of Licensed Victuallers, last week announced reorganisation plans which it hopes will lead to landlords pooling resources and supplies during disputes.

Sutton colliers walk out

PRODUCTION AT Sutton Colliery, Notts, was at a standstill yesterday after 280 miners walked out in support of a seven-man team working on an underground roadway who are protesting over bonus payments.

An NCB official said: "The Board recognises that some adjustment is necessary for bonus payments, because a change in working arrangements."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AGRICULTURE

Saves on feeding costs

THE COSTLY and often lengthy process of rolling and drying grain in order to make it more digestible to cows can be replaced with a technique which has been undergoing practical trials for the last eight months under the aegis of the Agricultural Development and Advisory Service.

The treatment of grain with liquid caustic soda—as an alternative to drying and rolling—can cost only about £4.50 a ton. (Traditional methods average, say, about £5 a ton for rolling and up to £7 more for drying.)

Cereals can now be treated from harvest at high moisture levels (22 per cent) stored without drying, and fed without any physical treatment (such as rolling or milling).

Caustic soda grain treatment technique can be described as "chemical rolling" and the technique is a direct result of theoretical work by Dr. R. Orskov and his colleagues at the Rowett Research Institute, Aberdeen.

Applied to cereals in the correct quantity, the caustic soda extracts moisture and cracks the husk of each grain and, with whole-grain diets, results in digestibility levels as high, or even higher, than those achieved with mechanical rolling.

Said to be the only machine currently available to safely and accurately apply caustic liquor in this technique (which so far has not been applied anywhere else in the world) is the applicator offered by Berwyn Farm Sales, 3 Union Street, Bath, Avon (0225 63062).

This consists of a hopper into which the grain is fed, and an auger in which grain and caustic are thoroughly mixed.

The internal mechanism for accurately controlling the introduction of liquor into the grain and the mixing process itself include several unusual design features in addition to ensuring safe operation, says the company.

Depending on the rate of feed into the hopper of the applicator and the moisture content of the grain, throughput has been tested at rates as high as 20 tons per hour.

A fall-off in caustic will stop the machine, while a fall-off in grain flow will stop the pump and subsequently the supply of caustic.

The applicator is supplied with user instructions approved by the Health and Safety Executive, plus a complete set of protective clothing.

DEBORAH PICKERING

Sun pumps irrigation waters

UNDER a UN project, Sir William Halcrow and Partners, acting in association with the Intermediate Technology Development Group as consultants to the World Bank, has placed orders for small-scale solar pumping equipment for field trial and laboratory test.

The objective of the project is to investigate ways in which solar pumping technology should be developed, in future, for small-scale irrigation use, so as to provide an economic, simple, robust, reliable and appropriate means of pumping water under the conditions which prevail on small farms in the developing world.

Field trials will be carried out in Mali, Philippines, and the Sudan, in close co-operation with the leading energy and agricultural agencies in those countries. They represent, possibly, the first independently conducted practical demonstration and comparative testing programme on the performance and reliability of small-scale solar pumps carried out under realistic field conditions in the developing world.

For the field trials, nine systems have been selected, eight photovoltaic and one thermal.

Detailed plans for these trials in Mali, Philippines, and the Sudan are now in active preparation. Resident engineers appointed by the consultants will take up their posts in each country during March and will provide assistance to the institutions or agencies in each country which will bear primary responsibility for these trials. Delivery of equipment is expected in late March or early April.

● MAINTENANCE

Sucks up everything in site

HOT OR cold materials—ranging from liquids to slurries and sludge, from gravel and shale to coal, coke, even whole bricks—can be sucked up with equipment called Vacload, says Ailsa Vacuum Extraction Company, 14 Muriel Street, Barrhead, Glasgow (041-880 7177).

Full-scale production of these British machines has now started at the company's Barrhead factory and the first unit is a dual-purpose machine able to tackle liquids or solids whose wet or dry modes are selected at the flick of a switch. Later, the same principle will be extended to liquid waste vacuum tankers, says Ailsa.

Standard unit has a suction airflow of 2,500 cubic feet per minute—enough to lift liquids from depths of more than 100 feet. It is mounted on a typical six-wheel truck chassis and can carry up to 10 tonnes of waste which is discharged by means of tipping.

Front section of its purpose-built split body incorporates a filter chamber; rear section forms the main load-carrying vacuum chamber. Driven in the first production model by a six-cylinder Perkins diesel engine, the vacuum pump is contained in a neat assembly mounted on the front bulkhead.

From the top centre of the main vacuum chamber, an intake hose is suspended from an hydraulically elevated boom which pivots to give maximum reach to the sides and rear of the vehicle. The boom is controlled by a wander lead attached to the vehicle at the back.

Important feature of the machine, says the maker, is its high efficiency filtration system which uses special cellular fabric elements to ensure that only clean air is vented to the atmosphere.

Hygienic floor in breweries

BECAUSE IT is said to be resistant to attack from beer, yeast and both acidic and alkaline cleaning chemicals, Ucrete industrial flooring has replaced a screeded floor in the fermentation room of the Tetley Walker Brewery at Warrington, reports Atlas Chemical Industries (UK), Cleeve Road, Leatherhead, Surrey (Leatherhead 76122).

This is applied by specialists and promises the exceptionally good corrosion and abrasion resistance of polyurethane resins combined with the traditional advantages of concrete technology.

Being free from volatile solvents it does not taint food and drink products during the laying period and is quick to lay and to cure.

● PROCESSES

Tough skin on chipboard

AFTER TWO years' development, a new process for powder coating chipboard has been proved successful.

Previous attempts have been made to apply powder coating systems to wood-based materials, but the high curing temperatures required have resulted in damage both to the surface of the substrate and to the bonding resins used in them. There have also been problems in using the electrostatic method normally used for applying powders.

The new process invented by Mr. Shaw, managing director of Verycote, and fully protected by patent pending, involves the pre-coating of the chipboard with a base which protects the substrate from the heat required for curing and provides a surface which makes efficient electrostatic spraying possible.

The Verycote process, which has been exhaustively tested using materials prepared by paint-makers Sonneborn and Rieck, requires only standard wood-finishing machinery.

Finished coatings possess flexibility and have excellent adhesion. It is durable, waterproof and relatively heat resistant. As powder coating involves no volatile or flammable solvents the provisions of the Health and Safety Act are easily met and serious fire risks eliminated.

Preliminary trials have shown that powder coating of chipboard by the Verycote process provides a satisfactory finish at low cost. Further details from Verycote, 94 Tuffnells Way, Harpenden, Herts.

● BANKING

Sorting coins and notes

THREE MAJOR new systems of interest to all organisations concerned with handling banknotes and coins are to be introduced by De La Rue Systems, at the Hanover Fair (April 16 to 24).

For example, the models 6010 and 6050 machines for counting, separating and wrapping coins are new designs from the company and replace what was previously being offered, which was made in Japan.

The 6050 is a counter separator with an input tray capacity of up to 2,500 coins of any denomination and a counting rate of 2,700 coins/minute. Counted coins are delivered to front-mounted bags, rejects being ejected via a side chute.

More sophisticated, the 0610 is a microprocessor-based system which will count, separate and wrap, producing up to 16 rolls of coins per minute at a low noise level. The hopper has a capacity of 12,000 coins. On both machines the count is clearly displayed.

Used banknotes can be counted, classified and separated with the model 3400, a complete free-standing equipment.

In this machine, notes are hand fed continuously into a 2,000 note capacity hopper and at the output end the machine puts them into four output stackers according to their condition, authenticity, denomination, and bank of issue. During sorting, locations of the notes are recorded for security purposes.

Another machine of particular interest to banks is the model 124 counting and verifying machine. This is a desk-top unit that accurately counts both loose banknotes and strapped bundles. Once again by use of a micro the machine is able to offer three operating modes: counting, verifying the quantities in pre-counted bundles, and variable batching. Operation is automatic once the notes have been placed in a feed hopper, and the machine's low noise level makes it ideal for office environments.

Receiving its first public showing, and a new approach for De La Rue, is a systems cash desk which is a package of equipment aimed at organisations requiring a complete solution to large-scale money handling problems.

More from De La Rue Systems, Walton Road, Portsmouth, Hants. PO6 1TJ (0705 383161).

● SAFETY

Protecting the ships

NAVIGATIONAL hazards and bad weather are accepted risks to shipping, but potentially more dangerous nowadays are problems associated with oil, gas and chemical transportation in that these may involve explosions in port, and pollution offshore, says The Welin Davit and Engineering Co., Dudley Road, Brierley Hill, West Midlands.

Safety measures require a prevention of oxygen accumulating in part-filled storage tanks and cargo holds, since in many circumstances the presence of oxygen presents a virtual powder-keg for fire and explosion.

Much of the risk can be reduced if tanks are charged with an inert gas to prevent the ingress of air as the cargo level changes. This inert gas may be derived from boiler fuel exhaust, gas turbine exhaust or by separate generator, all of which means are acceptable, provided the oxygen content of the gas induced does not exceed 5 per cent by volume in its make-up.

When situation readings of tank levels and temperatures are being taken, it is important that this insert gas seal is maintained to prevent escape of gas and volatile fumes during the gauging operation.

A special vapour control valve has been produced by Marine Moisture Controls of New York which enables the company's sonic portable gauging tapes—modified by the addition of a simple probe unit—to be entered to ships' tanks without any exposure of the cargo or break in in the insert gas seal.

The valve is supplied for inclusion in tank openings of existing ships or as an integral part of new deck layouts. A gastight safety cap is provided for additional protection from weather-deck conditions, and the equipment (made from stainless materials) meets all the recommendations of the latest deliberations of the International Maritime Consultative Organisation (IMCO).

Barrier takes the knocks

REMOTELY operated, a heavy-duty security barrier with cranked boom, for operating in applications where there is restricted headroom, such as multi-storey parks, high security underground parks, entry to bullion lifts, or entrances used by cash-in-transit vehicles, is offered by Frontier Gate Company.

Powered by a hydraulic motor, the boom is built from 75mm square steel section and can be hinged at any point on its 4½m length to suit the headroom available. The hydraulics derive their power from a ¾ hp electric motor located in a sheet steel lockable console with audible alarm.

To prevent damage and minimise possibility of forced entry, steel protecting plates are fitted on either side of the boom hingeing point.

Closing and opening speeds of the barrier can be varied by a simple adjustment to the hydraulic valves. Control is completely automatic and can be from a remotely located security centre working in conjunction with CCTV or card access systems.

Frontier is at Tubeform Works, Cardigan Street, Birmingham.

● MATERIALS

Facts about cosmetics

UP TO £100m is spent annually on raw materials from the chemical industry for the production of cosmetics and toiletries. This is the conclusion arrived at by Industrial Aids in its latest market report: The U.K. Cosmetics and Toiletries Industry and its Raw Materials.

Raw materials are studied under 16 categories and whenever possible quantitive information has been obtained from users in the industry and their suppliers. The raw materials investigated include anti-microbial preservatives, deodorants and anti-perspirants, dyes, colours and pigments, fatty alcohols, fatty acids, glycerol and sorbitol, lanolin and lanolin derivatives, shampoo derivatives, shampoo surfactants, sunscreens, tac, thickening agents, thioglycollic acid and its derivatives and waxes. There is also a section on aerosol propellants.

Latest figures show that the 12 largest establishments, out of a total of 230, account for over half the industry's sales.

Copies of the report can be obtained direct from Industrial Aids at 14 Buckingham Palace Road, London SW1W 0QP. (01-828 5036). The cost is £600.

● MACHINE TOOLS

Herbert has new ranges

NO DOOM, or gloom at Alfred Herbert which is preparing to show eight new or improved machine tools at the forthcoming MACH 80 in Birmingham (April 22/May 2).

Brand-new is a series of computer numerically controlled (CNC) lathes. The AL series is available in three sizes, each with a choice of three bed lengths. They provide capacity for machining many types of turned parts, including bar work up to 78mm diameter, chuck work to 380mm and shaft work to 340mm diameter with a maximum turned length to 2070mm.

These machines will be offered with a choice of CNC from the company itself, or from Philips or Siemens. All three can be programmed on the shop floor or in the office.

For the high volume production industries the company is launching a multi-spindle automatic which has been engineered in such a way that setting times are reduced so that the smaller batch can be turned out economically.

Capacity for round bars is up to 35mm diameter with bar feed length adjustable up to 185mm.

Alfred Herbert, POB 50, Coventry CV1 4JU. 0203 88868.

● VENTILATION

Keeps the cool

BECAUSE IT does not require extensive structural work and avoids any loss of natural light which occurs with other conventional systems, its "mini-split" system is ideal for economical cooling of small shop units and offices, says EER Air Conditioning Products, Britannia House, Ashton-under-Lyne, Lancs (061 308 2136).

System comprises an indoor fan coil console and an outdoor fully weatherproofed air cooled condensing unit, the two components connected by a simple system of refrigerant pipework.

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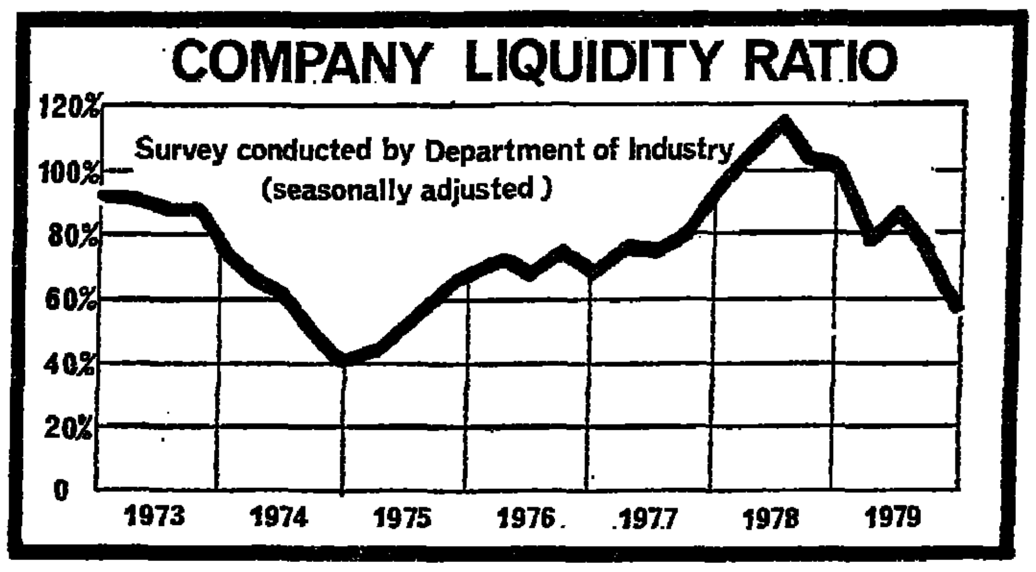
Corporate Finance



There are so many confusing elements today in the financial state of Britain's industry that an accurate diagnosis of the patient's health is difficult. If the benefits of North Sea oil revenues are excluded, however, it seems the outlook is for a period of careful nursing and convalescence.

Oil masks troubled waters

By Barry Riley

BRITAIN'S INDUSTRIAL economy, perversely, is now groaning under the weight of the impact of North Sea oil. Not only is production scheduled to rise by about a fifth this year, but the price has gone up further than anybody can have expected. It looks as though well over £10bn worth of the stuff will gush up out of the sea bed this year, more than twice the value of 1979 production.

But only the oil companies get any benefit from this. Elsewhere in the company sector higher energy prices have to be financed. To the extent that the oil bonanza is stimulating the British economy, it is easier to pass the costs on to the consumer than it might otherwise be. This is not, however, a possibility that is likely to be of much comfort to the British manufacturing company which competes in export markets, or which faces imported competition in selling to domestic customers.

For the high level of the sterling exchange rate which has resulted from the North Sea oil build-up has led to a massive leakage of demand overseas. While non-oil exports were up less than 3 per cent in volume terms during 1979, non-oil imports jumped by some 13 per cent.

There has been an alarming decline in manufacturing competitiveness, exaggerated still further in recent months; sterling has recovered from last autmn's dip at the same time as wage inflation has accelerated. The Confederation of British Industry (CBI) calculates that by the end of February unit labour costs in manufacturing relative to those of our main competitors were almost 40 per cent higher than the average level of 1975.

This squeeze on manufacturing companies is being superimposed upon a cyclical recession in the UK economy which would anyway have caused serious liquidity problems. There is a chilling precedent in the 1974 financial crisis which followed a big oil price rise, and coincided with an acceleration in the inflation rate towards (and subsequently through) 20 per cent.

The 1974 crsis was of course notable for its catastrophic impact on an overblown property and financial sector. But there was a savage squeeze in most areas, and the industrial and commercial company sector was plunged into its worst recorded financial deficit of £4.6bn (about 5 per cent of Gross Domestic Product).

By 1975, however, the sector had managed to trim the deficit back to a modest £1bn. Profits recovered a little, but the main reason for the financial improvement was that stocks and work-in-progress were sharply trimmed back. This still left balance sheets uncomfortably illiquid—but listed companies seized the opportunity of a buoyant stock market to raise around £1.25bn in rights issues. This figure has never been equalled since even in money let alone real terms; rights issues in 1979 totalled a mere £800m.

Weakness

Recently company profits have been showing signs of similar weakness. In the first nine months of 1979 gross trading profits of industrial and commercial companies, net of stock appreciation, rose by 9 per cent. But the underlying trend was masked by the build-up in North Sea profits, which represented as much as 27 per cent of the whole by the third quarter. Excluding oil, company profits fell by 5 per cent.

The sector's financial deficit has also worsened (though somewhat erratically, because of the varying incidence of industrial troubles). For the January-September period last year, the latest for which statistics are available, the deficit is estimated at £3.7bn. This was much higher than the £2.2bn recorded for the whole of 1978. Yet at around 3 per cent of GDP it was still not nearly as serious as for 1974.

But what has happened since then? It takes almost four months for the Central Statistical Office to collate all the financial data on the company sector (and the subsequent revisions are often substantial). We shall not know the figures for the December quarter until late next month.

The signs are, however, grim. One crude indication is that wholesale prices, despite their recent acceleration, have continued to lag behind both raw material costs and average earnings. Another is that the demand for bank loans has been very strong. Sterling lending to the private sector roughly doubled to £9bn or so last year, and recent indications are that although personal sector demand has been easing, companies are borrowing heavily.

In the banking month to mid-January banks lent as much as £2.07bn to UK private sector customers in sterling. This was £1.3bn more than the seasonal expectation. Clearing bankers report that corporate customers are drawing heavily on their overdraft facilities.

The current squeeze is being aggravated by the Government's tight money policy. Since last November clearing bank base rates have been at an all-time record high level of 17 per cent. Even in 1974 base rates were never higher than 13 per cent. The high money rates amount to a further heavy burden on profits, for all but the minority of companies with surplus liquidity.

Consequently it seems inevitable that the company sector's financial deficit will rise. Forecasters like the CBI and the London Business School are talking in terms of a deficit close to £7bn for 1980. At roughly 4 per cent of GDP this would still not be quite as bad as in 1974.

Yet the property and construction sector is not so vulnerable this time around. Moreover North Sea oil could be showing a small surplus, in contrast to the deficits it has generated in recent years. So for manufacturing companies the strains could be as bad as, or worse than, any suffered in the last major squeeze.

Tightened

The financial screws are being tightened partly because the Government is attempting to reduce the growth of the money supply back into the target range. Officially, sterling M3 is only supposed to be growing at 9 per cent a year, give or take two percentage points. But for most of last year it was growing at an underlying rate, allowing for distortions, of more like 14 per cent.

Bringing the money supply back within the target range by next October, which is still notionally the Government's objective, will permit very little growth from now on. Moreover the banks are deep into the penalty zones of the banking "corset" controls. Not only does this mean that credit is going to continue to be very expensive (hopes of an early cut in rates have been mostly abandoned in the City) but it is also going to be scarce. The banks will, of course, honour existing commitments, but they are going to be very sticky about the provision of new facilities.

According to the Department of Industry's survey of company liquidity, the ratio of current assets to current liabilities has already been declining for the best part of two years. This liquidity ratio, which is calculated quarterly on the basis of information from roughly 220 companies, shows a clear cyclical pattern. There was a marked trough at the end of 1974, at a level of around 40, and then a strong recovery to an eventual peak of 138 halfway through 1978. By the fourth quarter of 1979 the figure was back down to little more than 70, the lowest level since mid-1975.

But this is still far from being a critical position, something which is confirmed by stockbrokers Phillips and Drew, who for some years have been keeping track of the aggregated balance sheet structure of large companies. They calculate that net gearing (net debt as a percentage of capital employed) reached a peak of 26 per cent at the end of 1974. Gearing then eased to 18 per cent by the end of 1978, but is likely to have risen to 20 per cent by end-1979.

Further pressure on gearing levels is expected, but it looks from various recent statements by companies that finance directors have learnt a good deal from the 1974 squeeze. Many companies appear to be anticipating events, and are shedding lossmaking activities at an early stage.

Specific

Besides looking at specific trouble spots, companies can also take general measures in several areas. The most obvious moves concern the level of stocks, into which industry put some £8.3bn during 1979 of which roughly £6.5bn represented higher costs and prices and the rest volume. In the final quarter manufacturers were already starting to cut back their inventories in volume terms, but the overall effect was more than offset by a pile-up of stocks at retailers.

Since then there have been signs that the distribution chain is still blocking attempts by manufacturers to destock. The rate at which this destocking can proceed will largely determine the timing of any easing of financial pressures within the economy.

Another area for intense scrutiny will be capital investment, which reached some £14.8bn last year. It is much more difficult and disruptive to reschedule fixed investment programmes, however, than to adjust stock levels. Still, a drop in real terms of about 5 per cent is widely expected this year.

Finance directors will also be thinking keenly about the question of access to the capital market—with which is bound up in the question of dividends. The rights issue boom of 1975 could provide the precedent here—and certainly the investment institutions will have a big cash flow available to put into equities if the Government succeeds in holding down its borrowing requirement over the next year or two.

In recent years, however, a number of companies appear to have used new issues to pay off excessive debt rather than to finance profitable new investment. Shares have often performed poorly after large rights issues. There is also the question of current cost accounting, which is likely to become compulsory for listed companies over the next year or two, and which will show the results, and dividend paying capacity, in a much less flattering light.

Ironically, the first full year of dividend freedom since 1971 is likely to see many companies cutting their payments rather than taking advantage of the ending of restrictions. Companies like Carrington Viyella and Alcan Aluminium (UK) have already shown the way. But many boards will be reluctant to be too hasty in this respect, having an eye to the possibility of improved prospects for trading within a year or two, and the accompanying chance of recourse to the equity market.

CONTENTS

More sources of export finance

THE TWO changes in export finance announced last month are likely to have a significant impact on the exporting activities of British companies—at both ends of the scale.

The first was the new arrangement reached between the Treasury, the Export Credits Guarantee Department (ECGD) and the clearing banks on fixed rate export credits which finance exports sold on credit terms of two years and over. The second was the increase in *some of the additional premiums* which exporters have to pay for the ECGD bank guarantees which theoretically enable them to raise finance at preferential rates.

The impact of the first will be on exporters of engineering equipment and capital goods. These account for only 12 per cent of the exports insured by ECGD but involve virtually all those in the key project business. The second change will hit small exporters and others involved in continuing business sold on "open account" or on a 'bills and notes" basis. These exports, sold on short-term credit, account for about 25 per cent of ECGD policyholders.

Under the new arrangements with the banks ECGD will cease to refinance (reimburse) the banks any of the sterling funds which they provide as fixed rate export credits. At the same time the credit business has been opened up, for the first time, to a wide range of financial institutions other than banks. The aim is to reduce public expenditure and is expected to produce "savings" of between £300m and £400m over the next five years.

In itself this move has no direct impact on exporters but in the longer term it could well have a marked effect. If all the eligible institutions—and they have still to be precisely *defined—do participate, then* sterling funds should be freely available. If they do not, it is possible that the supply may become tighter, given the existing pressures on bank lending, with a consequent increase in the cost of funds.

Competition

But assuming that the sources of finance will increase, then the already keen competition for this risk-free lending will become more intense and the charges paid by the borrower smaller.

The rate of interest will continue to be the same, at least for the time being, as ECGD will continue to subsidise the rate so that the borrower pays only the fixed rate set by the OECD guidelines. But the bank is ensured a commercial return. This is a fixed rate of 1.25 per cent above London Interbank Offered Rate (LIBOR).

The competition will therefore be in the fees which banks charge for arranging and managing the finance. These have already dropped sharply over the past two years or so since foreign banks have been able to participate and manage. In some cases fees have been waivered altogether in the battle to secure the business.

In the short term this is *obviously to the exporter's* benefit as he or his buyer is able to arrange the necessary finance more cheaply making his bid more competitive. But in the longer term the exporter may find that fees have become so decimated that banks will be less keen to become involved in the time and cost consuming jumbo projects where often in the past their partnership with the exporter has been crucial in winning contracts. So while the funds will be available more cheaply, the services that now go with it may not be. A two-tier system could well develop whereby the exporter requiring these services will have to pay an additional fee.

The fees charged by the banks vary from deal to deal and can also be constructed in a variety of wasy. But there are generally three components, though there is now a tendency to incorporate them in one fee. There is a flat commitment fee, a smaller flat negotiating fee and an annual management fee. About two years ago these were one per cent, one per mille (10p per £100) and ½ per mille respectively for sterling finance and about half these levels for foreign currency (dollar) credits. Since then these rates have been halved in the case of dollar business while those charged on sterling finance have been reduced more sharply *to the extent that they* are now lower than those charged on dollar financing.

Dropped

On several deals one or all of the fees have been dropped altogether and there have been instances where banks which have been involved in a deal throughout negotiations have lost the business in the final stages when another bank has stepped in, offering either lower fees or dropping them altogether. More often than not it is the management fee which is dropped, though sometimes all the fees, including the commitment fee, are.

As a result banks are becoming more selective about becoming involved in project business as it becomes more cut-throat, so that exporters may well find it more difficult to raise the necessary finance. In addition the premium on cost escalation cover is to be doubled from 1 per cent to 2 per cent of the eligible contract value, usually between 70-75 per cent of the total.

While there is thus a somewhat mixed outlook for capital goods exporters export finance for those at the smaller end of the business is becoming more and more costly. Apart from the high sterling interest rates—and the bulk of UK exports are sold in sterling on cash or short-term *credit and* financed through straight overdraft at a rate of between 1 and 3 per cent above base rate—exporters selling on open account or to associate companies on a bills and notes basis will pay double the premium for an ECGD bank guarantee.

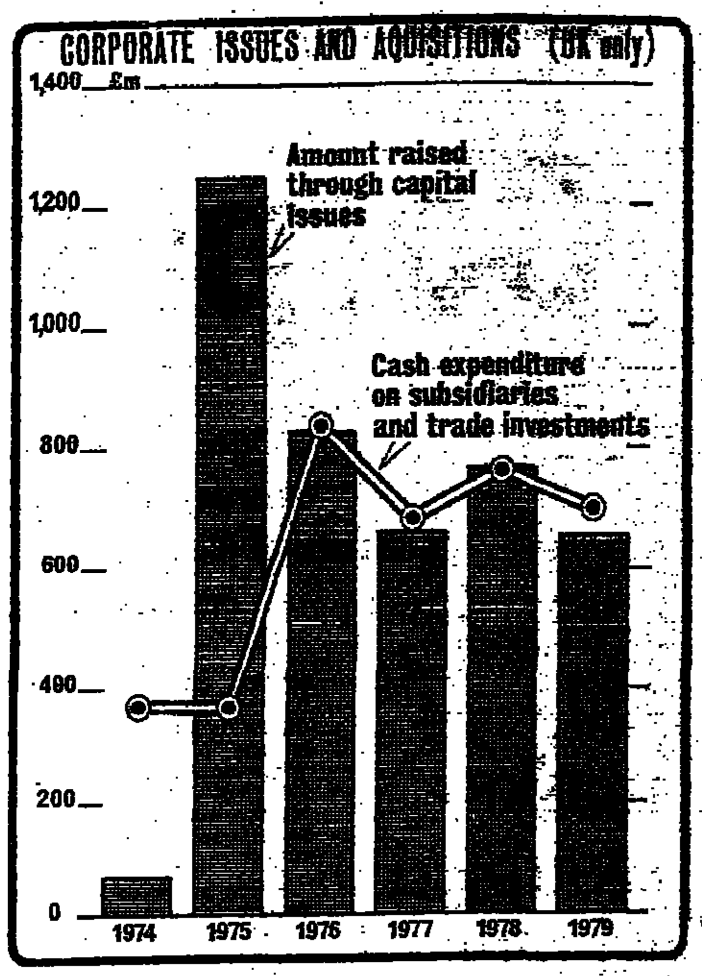
From April 1 next the premium for the comprehensive bank guarantees which cover this type of business will be raised from 25p to 50p per £100 of the exporter's agreed borrowing limit. This will be the third time in three years that premiums on comprehensive bank guarantees have been raised.

On previous occasions this has been accompanied by an increase in normal ECGD credit insurance premiums, currently set at 34p per £100 plus an annual premium based on turnover. Though there is to be no increase in these premiums for the time being they are under review and some increases are inevitable given the current high level of claims which ECGD is having to meet.

So where ECGD premium rates were once generally lower than those of competitors—the 1977 rise was the first since 1960—they are far less competitive now and in some instances are said to be considerably higher than those of some European competitors.

Such are the levels of bank guarantee premiums at the short end of the business that banks report a visible tendency over the past year for the more creditworthy companies to use straight overdraft for continuing business without taking out an ECGD guarantee. The guarantee enables them to borrow at ⅝ per cent above base rate but after taking into account the ECGD premium plus the handling fee charged by the banks where there is an ECGD guarantee, which can be anything lup to £5 per transaction, borrowing at 1 to 1½ per cent above base rate is often cheaper. This is less the case for exporters with a lower credit rating, who may have to pay up to 3 per cent above base rate, but the advantages of the ECGD guarantee are becoming decidedly slimmer.

Margaret Hughes



N.B. The amounts raised through capital issues are net of debenture and preference share redemptions

Rights issues continue to find favour

LAST YEAR British companies raised around £800m additional capital through rights issues—excluding a £150m BL issue taken up by the National Enterprise Board. Preliminary expectations are that roughly the same volume of money will be sought this year.

For the most part shareholders seem content with whatever their board has to offer them by way of a prospectus: news of a specific acquisition in mind; the advantage of lower gearing: the prudence of increased reserves to finance growth.

With the corporate sector's net borrowing requirement likely to stand at £7bn this year, against perhaps £5.9bn last year and an actual £2.4bn in 1978, the continuing acceptability of rights issues will be a warming thought in many board rooms. Out of last year's 99 issues only eight were less than 50 per cent subscribed.

The pattern of rights issues over the past six years seems to fall into two distinct phases—the first covering 1974-75, the second 1976-78. The collapsing market in 1974 made it extremely difficult for all but the strongest companies to raise rights money. Issues totalled only £126m for the year. When strength returned in 1975, companies shut out the previous year rushed back by the dozen, anxious to restore decidedly fragile financing with what were effectively recapitalisation issues.

Since then, in less volatile markets, the trend has been for money entering the market through capital issues plus (or minus) preference and debenture issues and redemptions roughly to equal money leaving the market through cash acquisitions (see chart above).

The net cash outflow from the market in the first three quarters of 1979 was particularly marked in the third quarter, when issues totalled £53m against acquisitions of £261m. The cash element of bids by GEC for Avery and Racal for Decca, plus the £150m "creeping" purchases of Consgold, suggest that the net cash outflow has been continued since then.

Credence

On this basis one might expect to see a greater volume of rights issues in the current year. But there is some credence given among corporate financiers to the theory that a significant factor in the current fragile strength of the market is the net cash outflow from acquisitions being immediately *re-invested by institutional* buyers. The cash-seekers may for this reason have to tread gently.

While amounts raised through rights issues have remained broadly comparable over the years since 1976, their distribution within the year tends to follow the strength of the market. This tendency to seek new capital on a strong share price has led to some suspicion of rights issues as being an occasion on which finance directors seek to outflank shareholders by selling them more shares at an inflated price.

In theory, of course, such questions should never even arise, because of the common interest binding together directors and shareholders in the joint-stock company. In practice they all too frequently do. To some Boards, shareholders seem to appear as little more than a source of money which may or may not be cheaper than the bank.

Generally, companies will be advised by their bankers to go for a rights issue when both the share price and general prospects indicate immediate strength. Where a specific amount of money is sought by the company, a rights issue at a high share price has the advantage of offering less equity dilution. But an unusually high share price may be utilised less satisfactorily by companies as an opportunist way to raise money at an artificially low cost in terms of dividends and earnings dilution.

One of the darker shadows recently cast over rights issues comes from a study published last year by stockbrokers Wood Mackenzie. It reviews the post-issue share price performance of 16 major companies making rights issues between 1975 and 1977. Only two achieved any relative share price strength over a period of at least two years from the ex-rights date.

Classic

The study has become a minor classic of irresistible statistical correlation with insufficient explanation. One suggested reason is that large companies in general tended to do worse than small-to-medium companies over the period of the study.

A more plausible reason is that the capital raised through a rights isue will be for major investment which will be absorbing much of the company's resources, both financial and managerial. Such investment is unlikely to show returns in less than, say, a five-year period.

In recent years there have been instances where it has been impossible to avoid the feeling that companies have *raised money too readily* because it has been such an easy thing to do. Beecham, for instance, raised £83m in 1978 when it had £84m net liquid assets on its balance sheet. It did not want, apparently, to repatriate overseas funds—though with hindsight this might have been quite a good idea.

Likewise, Grand Metropolitan's £80.5m rights issue in June last year was not made out of any immediate need. The company could finance capital spending out of cash-flow. The rights issue was to put cash in the bank in case any suitable candidates for acquisition came within reach.

Admittedly, Grand Metropolitan, the only company on Wood Mackenzie's table to register outstanding success, made good use of rights money raised in 1975. This time round, the market was happy to trust the company with more.

But from the lower-profile companies, whose rights monies do not go into pubs and hotels, but into rather more difficult-to-see areas of the balance sheet, more information would be desirable. Shareholders should know where the money will go, and what rate of return the Board expects to see from it. They might also hope for some indication of medium-term prospects for the company in general.

For the moment, institutional investors seem happy to take up any rights coming their way, in order to maintain equity weighting. Small private shareholders in turn seem prepared to support their Boards—though the presence of a large cash-strapped private shareholder can act as an effective damper on rights issues for small companies. But if preliminary indications that rights issues are a pointer to share price weakness are borne out, then the future may not be so cosy.

Robert Cottrell

Slow reaction to foreign exchange freedoms

LAST YEAR'S abolition of exchange controls has provided corporate treasurers with an unparalleled opportunity to re-organise the international side of their financial operations. It seems fair to say, however, that many companies are still a long way from taking full advantage of the changes.

There are several reasons for this—including a perfectly justifiable preoccupation with the present severe credit squeeze, the strength of sterling and general retrenchment ahead of the economic downturn. After 40 years of controls, caution is still very much the watchword as companies feel their way into a new regulation-free era.

The phasing out of controls last year came in two stages. Restrictions on direct investment overseas and repatriation of profits were dropped in June and July, a prelude to the full sweeping away of controls announced on October 23.

The first stage gave companies the chance of carrying out longer term strategic restructuring of their overseas investment and foreign currency debt. The further steps taken in October, on the other hand, allowed them to make adjustments of a more tactical nature in day-to-day management of liquidity balances and handling of foreign exchange.

In the first area, companies have responded primarily by running down their foreign currency debt rather than by taking out fresh loans to finance new investment.

The trend towards retrenchment has partly been a result of general caution about expanding overseas at a time when an international recession is just around the corner. Many British multinationals also make the point that the abolition of controls will not make much difference to their general overseas investment strategy as they had nearly always been able to obtain funds for foreign expenditure in the past. But the hurry to repay foreign loans was also prompted by forecasts that the pound would weaken as a result of exchange control abolition—a misreading that has left some corporate treasurers with egg all over their faces.

Barred

Before last summer's relaxation of the rules, companies were barred from using sterling borrowings to finance overseas investment. In addition, they were severely discouraged from making premature repayment of foreign debts by a system of penalties levied on such prepayments by the Bank of England. These regulations were a relic of the period of official encouragement of overseas borrowings when the Treasury and Bank of England were trying to bolster the reserves during the mid-seventies.

Many foreign currency loans, taken out at a lower nominal interest rate than domestic levels but in currencies that tended to appreciate, turned out to be prohibitively expensive—particularly those in Deutsche Marks and Swiss francs. So finance directors' first move after the summer relaxation was often to cut their losses and pay off outstanding loans, frequently taking out sterling finance to cover the operation.

Since the repayments were made sterling has, of course, been far stronger than many analysts had predicted, buoyed up by high UK interest rates and Britain's North Sea oil revenues.

Corporate treasurers have thus been admitting somewhat ruefully over the past few months that had they let currency loans run through rather further towards maturity, they would have profited not only from a longer period of low interest financing but also from the capital appreciation of the pound during that time.

In the second fundamental area of change—cash and foreign exchange management—companies have far greater scope for innovation now that the old controls have gone. The strength of the pound, which has prompted treasurers to keep funds on deposit in sterling rather than switching into currencies, as well as the parlous liquidity position of the corporate sector, have discouraged many companies from becoming too adventurous.

But there is no doubt that over the next few years companies with a large amount of export/import business will be putting their international cash handling operations on to a far more efficient and professional footing.

Before the sweeping measures of last October, life was made simple by the existence of controls. These laid down, for instance, that imports could only be paid for once customs entry had been confirmed; covering forward purchases of currency could be made only six months in advance. Similarly, exports had to be paid for within six months and remittances immediately into sterling; and forward sales of currencies could be made only for periods of up to six months, apart from special cases.

Now formal constraints have been removed. As a result, the range of possibilities for managing and preparing for incoming and outgoing payments is limited only by the imagination, expertise and personnel resources of the individual corporate treasury department.

Courses

Mr. Anthony Chambers, an adviser on corporate finance at First Chicago, produces a list longer than his arm on the possible courses of action:

- Currencies can now be held indefinitely, either on deposit *to maximise capital gains in an* appreciating currency and/or interest, or else in a pay-and-receive account to meet a payment of that currency due in the future;
- currencies can be switched freely from one account to another;
- bills in one currency can be paid from an account denominated in another;
- currencies can be purchased and placed at any time to give greater flexibility than the forward market allows. Previously payments had to be made at the fixed maturity of the forward contract, or else the proceeds of the contract had to be converted to sterling. A policy of holding currencies available for future payments allows the timing of the actual transfer of funds to be kept flexible, maximising the cash flow advantages;
- imports can now be paid for in advance. Such payments, taking advantage of trade discounts, can be used to reduce currency exposures and costs—particularly when the trade discount is greater than the cost of borrowing in that currency;
- companies can borrow indefinitely against the security of future export receivables in foreign currencies. Especially when foreign interest rates are markedly below UK levels, this can result in a large interest saving without the exchange risk that would otherwise be associated with this kind of borrowing;
- currency loans can now be taken out and repaid at any time, according to fluctuations in foreign interest and/or currency rates. This allows companies a considerable amount of flexibility in achieving savings on both interest costs and currency exposure. For instance, if a UK company had been astute enough a year ago to take out a revolving bank credit in Swiss francs or Deutsche Marks, sterling's firmness allied to the far higher level of UK interest rates over that time would have brought considerable benefits. Even though sterling is now looking less solid against the harder European currencies, companies can still take out foreign currency finance and—by keeping a round-the-clock watch on exchange rate movements—repay the loan as soon as currency rates start to move to the borrower's disadvantage;
- UK customers can now be invoiced in foreign currencies as well as sterling—which can be of great importance when products are being imported from hard currency countries or when goods are being sold with a high import content.

A straw poll of leading British companies reveals that, for the moment, treasurers are moving away only very slowly from thinking purely in sterling terms. But if they follow the advice of the stream of international banks and currency advisers now jostling for their attention, it will not be long before they are fully acclimatised to a multi-currency world.

David Marsh

Demand for bank credit embarrassingly high

WHATEVER THE problems of operating in the troubled financial environment of the last year, British bankers cannot claim to have been short of business—and profitable business at that. Bank lending to the UK private sector, much of it on overdraft, the most basic form of corporate finance, has been exceptionally strong.

As a result, the Government's monetary target has been overshot and the banks have run into difficulties with the "corset" control scheme operated by the Bank of England which imposes penalties for excessive growth in banks' interest-bearing eligible liabilities. But the clearing banks, with their wide access to cheap current account funds, have enjoyed a profits bonanza as interest rates, and hence the profit margin on their lending, have risen steadily.

In the UK, as in North America, recession has been forecast for over a year, and it has been generally expected that the demand for credit would weaken. The coming to power of a Conservative Government committed to running a tight monetary policy merely confirmed the impression that recession was imminent.

But credit demand has resolutely refused to die down, with embarrassing consequences for the Government. The fiscal/monetary balance of the 1979 Budget required a slowing down of bank lending if interest rates were to be brought down. But a surge of lending in the October banking month took sterling M3 growth above the 7 to 11 per cent annualised target and compelled the Bank of England to raise Minimum Lending Rate by three points to 17 per cent in order to resume sales of Government stock. Since then, sales of stock have run at a very high level, but monetary growth is still above target.

Not only the Government has been embarrassed. The banks themselves made little attempt to turn away borrowers last summer, as they assumed that credit demand was about to slow down of its own accord. In the event, though, there has been further heavy drawing on overdraft facilities — determined at the borrowers' demand, and therefore very largely outside the banks' control. This has brought a sharp increase in the banks' liabilities over the winter and puts them into the second and third penalty tranches of the corset. At this stage very large deposits have to be placed with the Bank of England, with the result that marginal lending becomes unprofitable.

Unusual

The combination of circumstances that has produced this persistent need for additional bank finance is unusual. The British corporate sector has fallen victim to a severe financial squeeze — compounded by the strength of sterling, which increases competition from imported goods. This has put pressure on profit margins at a time when the costs of labour and raw materials, especially oil, have been running out of control.

Along with higher working capital needs, higher interest costs have cut into cash flow. And most companies have been bearing the burden of heavy capital spending plans, which they have been unable to cut back—or postpone—this in itself has been a contributory factor to the continued high level of economic activity. So the financial deficit of the corporate sector has grown relentlessly, and the banks have been called upon to cover it.

Now that the peak of economic activity is well past, the demand for bank finance has a slightly different character, although it is as strong as ever. In the January banking month the banks lent more than £2bn to the private sector, taking the 12-month total of new credit advanced up to £8.86bn. The *high January figure reflects the* debiting of interest charges at the new high rates, and the heavy tax payments which many companies will have financed through borrowings. The surplus that the public sector is running during the present January/March quarter will inevitably find its counterpart in *a higher private sector deficit*. On top of all this, companies—particularly retailers — have been caught with stocks too high as demand for goods has fallen.

It now seems possible to hope that once the demand for funds linked to this involuntary stock-building is out of the way new bank lending may begin to slow down as the tax-gathering season ends and the public sector's finances move back into deficit. The very high interest rates charged since November should by now be having a deterrent effect on borrowing, even though past experience suggests that new debt formation by the UK private sector is astonishingly unresponsive to price.

However persuasive the arguments that new borrowing, and hence pressure on the banking system from the corset controls, will soon begin to ease, the banks have been increasingly calling for the corset to be scrapped to relieve them of their present discomfort. They seem recently to have run out of ways of avoiding the corset pressures—curious antics over the monthly make-up day, when the banking figures are drawn up, had become a matter of course by mid-1979, and *a good deal of* lending was channelled through bank acceptances placed outside the banking system, which are not counted as part of sterling M3.

The trouble is that if the corset were removed, much of this acceptance "leak"—which reached £1bn in five months last summer—would flow back into the banking system and sterling M3 would jump by an extra 2 per cent, with embarrassment all round. The corset has serious limitations as a device for controlling credit, given the ease with which it can be evaded for several months, and *the unedifying game of cat-and-mouse* played between the banks and the authorities has contributed nothing to the success or the credibility of monetary policy.

Martin Taylor

Specialist groups ready with venture capital

THE BOLD entrepreneur nowadays enjoys more potential sources of equity and loan finance than ever before. It has become a regular event for private sector organisations and consortia to announce their entry into the field of providing finance for small and medium-sized companies.

Last month, for example, Pilkington announced that it was teaming up with the Prudential Assurance, BP and the Industrial and Commercial Finance Corporation to provide venture capital for new small companies. On the face of it, this enthusiasm may seem surprising. Competition among willing investors is already tight, the current level of interest rates can hardly be a spur to setting up new companies, and the much trumpeted decline of British industry is affecting small and large companies alike.

The Government has expressed its support for the small company and has certainly been striving to encourage greater entrepreneurial spirit, but has so far done little in practical terms to stimulate investment in the small unit. This month's Budget could, however, contain tax concessions for both the investor and the manager.

The City may have been prompted into action by the setting up of the Wilson Committee, though the appearance of increasing activity could be in part illusory. Clearing banks, for example, have established subsidiaries to handle venture capital business which was previously arranged at branch level. Their help for small companies is as a result more visible.

A significant shift has been detectable, however, among the investing institutions, perhaps because of the failure of either fixed-interest or blue-chip securities to keep pace with inflation over the past few years. In the last annual report of Electra Investment Trust the chairman, Mr. B. P. Jenks, said: "Your Board has adopted a policy of switching out of market leaders into smaller companies where it believes there are unrecognised opportunities for either growth or, in certain cases, recovery." Though unusually committed to this strategy, the Electra stance is by no means unique.

Strengthening

An important factor in the proliferation of financing opportunities has been the growing aggressiveness and sophistication of the investing organisations themselves. The strengthening of competition has obliged them to market their services more effectively and to respond with more subtlety to the individual needs of particular companies.

Furthermore, in making their services better known they have also assuaged any apprehension among many entrepreneurs that control of a successful project will pass to powerful institutions. While the degree of involvement in day-to-day administration varies widely, none of the major investors in the field normally seeks to take a controlling interest in its ventures.

The arrangement is often of mutual benefit. The entrepreneur has access to institutions which are prepared to take risks, have experience of the problems of small companies and will, if requested, remain at arm's length. The expense of a stock market quotation and the difficulty of winning over the sceptical and conservative branch manager of a clearing bank have both been obviated.

At the same time the investor is offered the chance of significant capital gain through a minority equity stake while limiting his risk through a broad portfolio and the acceptance of loan stock as well as equity.

The undoubted market leader among these specialist investors is the Industrial and Commercial Finance Corporation (ICFC) which defines its main activity as providing capital, financial advice and other services to small and medium-sized companies. In practice, ICFC concentrates on the small company; its average investment is around £160,000.

ICFC is a subsidiary of Finance for Industry, which is backed by the clearing banks and the Bank of England. It operates through a network of branches in the UK and, having approved an investment, does not as a rule seek to put non-executive directors on the board.

Perhaps because of its emphasis on smaller projects, ICFC becomes frequently involved in "start-ups" where the initial working capital is provided. It has also found increasing demand for "management buy-outs," where managers of small divisions of major companies use ICFC finance to buy the operations from parent groups.

Co-operation

This is always achieved with the co-operation of the former parent, which helps with teething problems and often continues to buy services or goods from the newly independent company. Last year ICFC made 700 investments, including 112 start-ups and 20 buy-outs. The comparable figures this year are expected to be 1,000, 250 and 50. While the overall level of business is increasing, the buy-out phenomenon is clearly showing the strongest growth, and the trend is borne out by others in the venture capital field.

The ICFC itself finds it hard to explain the sudden emergence of this rising demand. It may in part derive from the concentration by major companies on main-stream operations at the expense of fringe activities. Equally, however, it is sometimes the product of an international company's decision to move out of the UK or of a retiring proprietor's desire to sell his business.

Another investor is Equity Capital for Industry (ECI), which gravitates to the opposite end of the spectrum by seeking out larger companies with market capitalisations of up to £40m. It has opened files on some 700 companies but has backed only seven, one of which has gone into liquidation. The failure of this project has perhaps made ECI a little cautious but, for whatever reason, it has failed to meet the aspirations of its founders.

This may in part be because its eminent board of City directors was initially divorced from the needs of small provincial companies. It is, however, questionable whether, in seeking out larger companies, ECI is fulfilling a function which could not be served by the stock market.

In the middle range between ICFC and ECI lies a group of specialist organisations including Gresham Trust and Charterhouse Development. Both these companies reserve the right to put a non-executive director on the Board and generally exercise it. Partly for this reason, they seek out a modest number of medium-sized companies and thus avoid placing excessive strain on their own management resources.

In addition, the expense needed to research proposals in depth prevents them from spreading their wings too broadly. Mr. John Bowman, managing director of Charterhouse Development, says the optimum investment is around £500,000. While increasing competition within this specialist area has made attractive propositions harder to come by, both companies have found that the amount of funds sought per investment is increasing. They are therefore able to maintain their growth even when the absolute number of applications is stagnant or declining.

Neither Gresham nor Charterhouse specialises in high-risk start-ups, ploughing the bulk of their investments into companies with at least some track record. Mr. Peter Wreford, chairman of Gresham, says he is prepared to look at a start-up proposal but prefers applicants who have already proved their particular expertise with a larger organisation.

Similarly, neither is attracted to high-technology projects, an area comprehensively covered by Technical Development Capital, an arm of ICFC. Mr. Wreford points out that while his directors are qualified to give marketing or financial advice, they are not equipped to advise on high technology products.

In a similar category are Estates Duties Investment Trust (EDITH), which is managed by ICFC, and Safeguard Industrial Investments, managed by London and Yorkshire Trust. Both organisations provide funds for companies which might formerly have been driven to the stock market by their capital requirements. By obtaining the necessary funds from EDITH or Safeguard, shareholders of private companies are spared the need for a flotation.

Bandwagon

The clearing banks have also been jumping on the small company bandwagon. Midland Bank, for example, assists privately-owned companies through Moracrest, an equity finance organisation set up jointly with the Prudential and the British Gas Central Pension Funds. Moracrest is aimed at fairly sizeable companies, but Midland has another vehicle—Midland Montagu Industrial Finance—for the £50,000 to £250,000 investment range, and a third—Midland Industrial Investments—for slightly smaller ventures.

Several investment trusts have also turned over the past few years to small listed and unlisted companies. The potential capital gain is often considerable but there are draw-backs. In the case of companies which are still developing a product there can be a long wait before dividends are paid and it is expensive to investigate this kind of opportunity. Furthermore, the shares are generally difficult to market and, in the case of unlisted securities, their value is hard to assess.

Finally, there is a small breed of adventurous companies which specialise in high-risk projects. Norton Warburg Investments, for example, has only 100 shareholders who, for a minimum subscription of £10,000, are offered a portfolio of around 10 companies ranging from the Chicago Pizza Pie Factory restaurant to producers of burglar alarm detectors and developers of an art reproduction process.

Taken together, these organisations cater for the requirements of small and medium-sized companies in a way which would have been unthinkable even five years ago. None-the-less, there are still gaps—notably for the larger high risk venture. Thermo-skyships last year fought a long and uphill batle to raise the finance necessary for its development programme.

John Makinson

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Reduced scope for Enterprise Board

THE NATIONAL Enterprise Board (NEB) is now beginning to emerge in its more restricted role following the changes in its functions generated by the Government following last year's general election. It has begun selling off its major assets and is developing new policies for its remaining areas of intervention in the private sector — helping small and medium-sized companies, mainly in the regions and in areas of high unemployment, and encouraging high technology ventures.

In addition, it still has a role of looking after lame ducks such as Alfred Herbert and BL, unless the latter follows Rolls-Royce into the direct ownership of the Department of Industry.

The Industry Bill, now moving slowly through the House of Lords, puts these functions on a statutory basis. When it receives Royal Assent, probable in late May, it will open the way for the sale of assets to spread gradually throughout the NEB's 60-odd companies, for the new roles to be implemented, and the Rolls-Royce (and perhaps BL) to be transferred to the Industry Department.

The legislation will be backed up by draft guidelines, which provide the operating details and confirm that the NEB's primary role is to assist in the expansion of the private sector, thus abandoning the last Government's notion that the NEB should primarily aim at expanding State ownership.

Nevertheless, it would be possible, were the present Government to change its industrial policies, for a more interventionist Industry Secretary to allow the NEB to change tack without any major legislative amendments.

For the time being, however, the NEB is set on its new and more restricted course. The significance of this has been sharpened with the wholesale change of the Board's membership last November when Sir Arthur Knight, former chairman of Courtaulds, replaced Sir Leslie Murphy as chairman at the end of the row over whether the NEB or the Industry Department should own Rolls-Royce. Sir Arthur now has a new Board and a new chief executive has recently stressed that the NEB wants to build partnerships with the private sector, and particularly with financial institutions.

Guidelines

This is not a new departure for the NEB because Sir Leslie Murphy successfully launched several joint ventures with the clearing banks and other institutions between 1976 and 1979. What has changed, however, is that the NEB is now to be required under the Bill and guidelines only to make new investments which include private sector finance as well as State funds.

It is to be allowed to invest only where it is satisfied that the needs of a company could not be met from other sources of finance, and its investments must also be sold off into full private ownership as soon as practicable.

In a recent speech to pension fund managers Sir Arthur Knight said the NEB had twin roles. First it was a "benevolent but involved shareholder" waiting longer than usual for returns on investment, but intervening when it was worried about performance. Secondly, it had a national role to try and encourage the effective development of industry. "We have in the NEB the beginning of a mechanism which can do for certain industrial situations what the developers and estate agents have done for property, combining perhaps the NEB's responsibilities with other institutions' power," he declared.

The necessity for the N and B to link up with City institutions is emphasised by the limited amount of funds it is to be allowed by the Government. The details of these funds are likely to emerge more clearly when the Public Spending White Paper is published later this month. It may then become apparent that the NEB will not have enough funds to do more than service its existing commitments during the next three years, especially in the high technology field.

In the 1979-80 financial year it originally had £100m available, apart from its allocation for Rolls-Royce and BL. This Government cut the amount by £30m to £70m. Ideally Sir Keith Joseph, Industry Secretary, would like to reduce this further to between about £15m and £25m a year, split between £5m for the NEB's work on small- and medium-sized businesses and its general but rather vague regional support role, and about £10m to £20m for its high technology ventures.

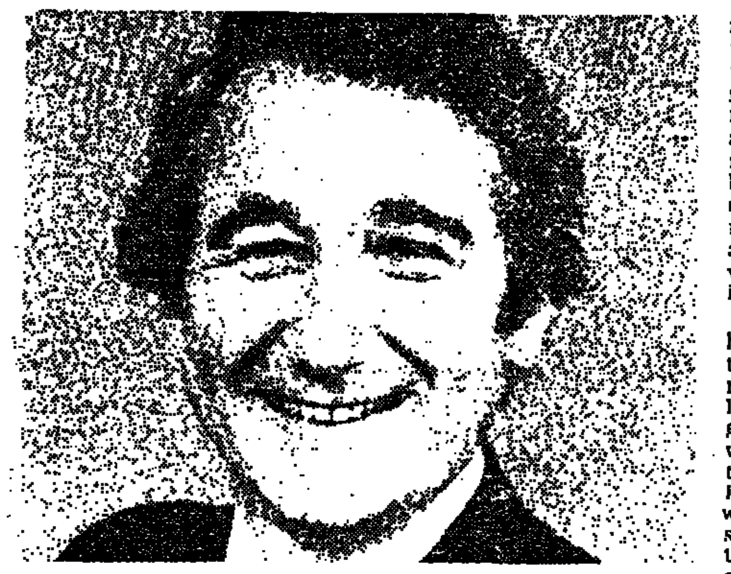
But he seems to have accepted that these would be impractically small amounts, because of the NEB's existing commitments. It's therefore likely to receive perhaps about £80m to £70m in 1980-81, and something approaching £100m for the following two years taken together. But this money will not go far and the

CONTINUED ON NEXT PAGE

CORPORATE FINANCE V

In interviews below the finance directors of three leading companies discuss their strategy with Richard Lambert

Facing up to the squeeze



Mr. Paul Bosonnet

BOC: reappraisal

REAPPRAISAL AND rationalisation formed a recurring theme in the recent annual report from BOC International. Faced with inadequate returns from a number of its UK activities, the group made it clear that it was planning a retreat from some of the product and service diversifications embarked on in earlier years.

In part this is a reflection of general economic pressures—the change from the expansive mood of the 1960s and early 1970s to today's more austere financial climate. But there is more to it than that, according to Mr. Paul Bosonnet, a deputy group managing director with responsibilities for finance and administration. The whole nature of BOC's business has been changed by the acquisition of Airco in the U.S. — which roughly doubled the group's size and altered its perception of what should be counted among *its significant business activities.*

Another significant change has also served to undermine the thinking behind BOC's past moves to diversification. In the late 1960s it thought that the gases business around the world was maturing, and getting close to the point where it could no *longer offer scope for worth*-while growth. Now, Mr. Bosonnet says, the long-term growth of the market is reckoned to be about 6 to 10 per cent in real terms, and the UK stands towards the upper end of that range.

So it is now reappraising its various activities, using four main yardsticks. One is the significance of the particular business group to the whole enterprise. Another relates to its position in the market place, and whether it offers BOC a base from which it can compete effectively over the long-term. A third is its nuisance value—and whether it takes up a disproportionate amount of management time and effort. *If a business* comes out badly on all these counts, then it has to justify itself by an above average financial return. Otherwise, it is likely to find itself up for sale.

Meanwhile BOC is pressing ahead with a heavy programme *of capital spending on its mainstream activities. There is* no single hurdle rate by which new projects are judged, and Mr. Bosonnet, like other financial managers, is not at all certain about what rate of return should be regarded as satisfactory in today's climate of high inflation rates and uncertain capital costs.

*All the group's main com*panies now operate on a CCA basis for reporting purposes. "This has not substantially changed our judgment about individual businesses," says Mr. Bosonnet. Instead, its value has been to reinforce management's views about the strengths and weaknesses of particular sub*sidiaries.*

BOC is also putting more management pressure on the control of working capital than might have been the case a couple of years ago. Like other big groups, it says that its debtors have started to pay their accounts more slowly, both in the UK and the U.S.

BOC plots the debt of its separate business groups both in absolute terms and as a proportion of turnover, and compares the figures with past performance and with what managers had said they could achieve.

For as long as most people can remember, BOC has been criticised for its relatively high level of financial gearing. Mr. Bosonnet treats such comment phlegmatically, but concedes that the current level of income and capital gearing is towards the higher end of the range that would be considered ideal over the long-term. He thinks that income cover of *around two or three times on* a current cost basis might be around the right sort of level—"and that gets back to our belief that profits could be improved."

Pending such an upturn, the figures have been helped by a decision taken about a year ago to pin down some fixed rate borrowing — mainly in U.S. dollars — with a life of up to about 2½ years. As a result BOC is paying around 10½ per cent this year for its shorter-term finance, compared with what might have been 14 or 15 per cent if it was all at current market rates.

Tate and Lyle: eye on cash

FOR TATE and Lyle the period of retrenchment started longer ago than for most companies. A programme of heavy capital spending combined with a sharp fall in profits to produce a serious cash problem—*the scale of which became* apparent in January, 1979, when the group hacked its dividend payment.

The decision disconcerted the City, but according to finance director Mr. James Forbes the repercussions within the group were much more favourable. "*The decision was not made* just for the effect. We faced heavy cash demands and the profits outlook for 1978-79 was uncertain. But it brought home to everyone in the group that we were in a tight situation."

The message seems to have got home. Total remuneration *paid to UK employees rose* just 2 per cent last year, while investment in working capital was up by less than 6 per cent. With the help of some major fixed asset disposals, overall group borrowings fell by £16m.

One of Mr. Forbes' priorities has been to get as many people as possible involved in the *drive on working capital. Four* times a year the main Board now gets a detailed breakdown of how much money is tied up, and where. And over the past year head office has been taking a much more active interest in the cash demands of the separate subsidiaries.

Mr. James Forbes

In Mr. Forbes' view, "screwing down the nuts and bolts of working capital is an issue for individual managements — but we can influence the process." One innovation is a system of cash limits which has been imposed on the separate sub*sidiaries, based on their agreed* budgets. Head office has for some time acted as a central banker to the group, but only now do warning lights really start to flash if a company starts to swallow up more cash than anticipated.

Another decision taken at an early stage in the retrenchment was to tie up a £30m variable rate unsecured bank loan, running through to 1985-88. This significantly lengthened the group's debt profile, which was a comfortable thing to do at a time when it was not sure how much it might get from its asset sales.

Capital spending has continued to outstrip the depreciation charge, largely as a result of decisions taken several years ago. But the big projects are coming towards *completion, and Tate is now* beginning a process of self examination to decide how its assets can be best allocated in the future.

The group still faces a hard slog to secure adequate profits, and its interest cover is some way short of Mr. Forbes' *objective—a figure of at least* 3½ times. Its borrowings are likely to rise again this year, partly because of higher commodity prices.

But its financial position looks more secure than it did 18 months ago, and Mr. Forbes is confident about its financial outlook for the next couple of *years. What worries him, in* common with many other finance directors, is the problems that will arise in the mid-1980s if the pressures of inflation are not overcome. "There is a limit to how much you can sharpen up and achieve through good housekeeping," he warns.

Redland's defences

REDLAND IS much better placed than most UK companies to face a period of economic stagflation. Geographic diversification is its first line of defence—*the UK accounts for not much* more than a third of its profits. In addition, it has taken specific measures in recent years to prepare itself for the problems which loom in the UK over the next 18 months.

Mr. Antony Hichens

Mr. Antony Hichens, a deputy managing director, frequently refers to the shock felt by the business in the downturn of 1974-75, a period which he calls "my baptism of fire." In 1974, he says, "we didn't fully understand what was happening to the company, and we had to work it out as we went along. Today we are far better placed *to know what is happening.*"

One of the key changes has been the development of an increasingly sophisticated system of current cost accounting *for management purposes.* Each division is measured monthly by its current cost return on total investment, and the long-term target is a figure of 8 to 12 per cent before tax and interest.

This compares with Redland's estimated real cost of capital of 6 per cent, and leaves the group room to fulfil two other long-term business objectives—to finance real growth of 5 per cent a year and to maintain the purchasing power of its dividend payments. These targets have been achieved in recent years.

As head of financial management, Mr. Hichen's own aim is "to provide people with information on which they can go away and make rational decisions." The emphasis on real profits is especially important at a time when volume is weak *and managers are tempted to* hold down prices in order to sustain the level of business.

To make managers fully aware of the financial consequences of their decisions, Redland is currently changing its accounting systems to make the regular reports of individual subsidiaries reflect their share of the tax, finance and dividend costs which are carried by the central organisation. The calculations are difficult, because they are largely notional. Yet Mr. Hichens hopes that they will bring home to the subsidiaries the real cost of carrying surplus working capital.

High inflation has not led the group to change the criteria by which it judges new capital investment. Mr. Hichens believes that pushing up the entry barrier can lead to the deferment of necessary replacement decisions or simply encourage people to do their sums less conservatively. But stagflation has led Redland to think harder about the long-term viability of particular businesses. The group is also introducing a new budgeting system in 1980-81 which has been designed to make sure that whatever happens it will not have to cut back on projects which are already under way.

The financial programme has been divided into three parts. Each division is assured of receiving a hard core of its capital needs, amounting to about two-thirds of the total budget. Part way through the year an extra tranche will become available for agreed projects if the subsidiary can show that it can still justify its original cash forecast for the year. Release of the third tranche will depend on the *group as a whole being satisfied* with its cash performance.

Mr. Hichens is also anxious to improve the measures of productivity available to management. One yardstick is current cost profits per head expressed in constant pounds—a figure which, he says, can make the toughest manager blanch. Volume per head and the ratio of employee cost to value added are two other measures to which he attaches importance.

Redland's financial strength has improved substantially since 1974-75. Its net worth has more than doubled, whereas its loan capital is only a little higher. *It took steps well ahead* of the recession to tie up long-term finance, and as a result it has virtually no overdraft at present. While other companies are being forced to contract in real terms, it is in a position to plan further expansion in the years ahead.

Enterprise Board

CONTINUED FROM PREVIOUS PAGE

NEB's freedom to engage in new high technology ventures will depend partly on how much support it can raise from financial institutions for its ideas, and partly on how much the Treasury allows it to keep from the proceeds of its sales after it has disposed of its main holdings in companies such as Ferranti, Brown Boveri Kent and Fairey. These disposals along with last December's sale of ICL, were supposed to have yielded £100m for the Treasury's £1bn sale of State assets by the end of this month. The time limit has now been waived, but the Treasury will still want the proceeds of the sales when they happen.

Once some of these figures emerge in the White Paper, the NEB will produce a detailed policy, based on its high technology companies, that ties in with its other roles of helping both small businesses and regional development. Sir Arthur Knight would also like to have a wider "catalytic" role developing special products like, for example, its titanium plant now being built at Shotton to provide high grade metal for Rolls-Royce.

City institutions and companies can therefore now look to the NEB in three ways. First, it will be a source of viable businesses when it fulfils its role of selling off its profitable companies. Secondly, it will be a source of fairly "soft" funds for projects with a longer lead-times than many financial institutions would want to consider on their own.

Thirdly, it will set up high technology projects for which it will scour the City for supporting finance.

Its record of success so far in its various ventures has been mixed and there have been some failures. It has has raised considerable controversy with its investments in projects like the Inmos micro-chip company. What remains to be seen is whether, in its more restricted guise, it can be a significant catalyst and source of funds to accelerate the developments of manufacturing industry.

John Elliott

Who's who among the merchant banks

On this page Michael Lafferty and Robert Cottrell present brief profiles of the City's leading merchant banks, most of them institutions with a long history of financial expertise.

CORPORATE FINANCE is *generally held to be the* glamour side of merchant banking—an areas where diplomatic, unruffled and ruthless young men launch and destroy multi-million pound deals with a sang froid born of brilliant minds.

The reality in most cases is rather different. At the top of the table millions of pounds may indeed turn on the quality of advice which a department can give quickly and authoritatively in the course of launching or resisting a bid. But corporate finance, even for the City's *major merchant* banks, ranges down to relatively small private companies of perhaps only £5m capitalisation, whose needs may extend at most to securing a Stock Exchange Rule 163(2) quote in the *indefinite future.*

Many small companies are introduced to the corporate finance services of a merchant bank through their clearing bank, which will naturally tend to guide the company to its own subsidiary. In this Way Samuel Montagu for Midland, County Bank for NatWest, and Barclays Merchant Bank have built up *useful portfolios of growing* companies.

But the independent merchant banks will often prove surprisingly receptive to small companies. For corporate clients tend to prove remarkably loyal to their bankers, such that maintaining a "nursery" of small companies is vital to hopes of replenishing client lists in perhaps ten years' time.

The company will first come to its merchant bank when, perhaps, it needs to arrange project *finance beyond the* facilities of its clearer. It may then move to a restricted stock exchange quote, and in the case of a successfully growing company *to a* full quote. It may find itself on either end of a merger, may need more capital through a rights issue, and at a certain size may seek access to the Eurobond market.

Generally speaking, merchant banks will provide all of these services through their corporate finance department. While in many cases Eurocurrency dealings are done through the international department or a specific Eurocurrency department, the corporate finance department will usually provide liaison with these departments *for a UK company.*

Corporate finance is of varying importance to the banks as a profit-earner. At Kleinwort Benson, which has a lucrative bullion dealing subsidiary, it is a lesser contributor than at Morgan Grenfell. But all of the banks recognise that corporate finance is the activity which *gives them highest visibility in* the business community, an activity which has its own personalities and legends known throughout the City.

Corporate finance is, therefore, highly competitive. Each bank is striving for the brightest graduates, the most respected exvecutives, the biggest clients. The shape of the future may be that major companies, with their own finance teams to handle mundane tasks, will become more fluid in their choice of advisers for the *exceptional larger deal*, choosing the bank with the highest reputation for the particular job rather than tying themselves down to a long-term relationship with a single bank.

The notes *which follow* are intended to give a profile of the size, structure, and particular leanings of the corporate finance departments of some of the principal London banks. The information is in each case supplied by the bank itself.

TOP 10 MERCHANT BANKS

By number of quoted clients	
1. Hill Samuel	123
2. Warburg	103
3. Schroder Wagg	95
4. Kleinwort Benson	90
5. Morgan Grenfell	70
5. Samuel Montagu	70
5. Baring	70
8. County Bank	61
9. Rothschild	58
10. Hambros	53

Source: Crawford's Directory of City connections

By 1979 rights issues	£m
1. Schroder Wagg	229.5
2. Warburg	119.9
3. Hill Samuel	94.7
4. Kleinwort Benson	76.4
5. Rothschild	64.7
6. Morgan Grenfell	46.2
7. Hambros	30.7
8. Baring	9.8
9. Lazard	5.8
10. Samuel Montagu	5.6

Rights issues by Irish companies after Ireland's entry into EMS are excluded. Proportionate interest in each issue allocated to each financial advisor. Source: J. Henry Schroder Wagg and Co.

Barclays Merchant Bank

BARCLAYS MERCHANT Bank is the merchant banking arm of Britain's biggest clearing bank, which also happens to be one of the world's largest commercial banks. As such it may be seen as part of the "total financial package" of services which a company can obtain from the Barclays organisation.

The merchant bank seeks to operate mainly in those areas where other parts of the Barclays organisation are strong. In the UK for example this means medium-sized companies up and down the country, which are already probably banking with Barclays.

The merchant bank was in a news a few years ago when Barclays brought in Sir Charles Ball, previously head of corporate finance at Kleinworts, to become chief executive. The *experiment ended abruptly two* years later, when Sir Charles resigned on the issue of whether business such as medium term lending should be channelled through the merchant bank.

Today the corporate finance department is led by Oliver Stocken, previously of Rothschild and Warburg. He has a staff of 25 executives, most of whom are accountants by training. Another group of about 10 people handle particular aspects of corporate advice.

As examples of some of the deals it has handled over the past year Barclays Merchant Bank points to Comben Homes' successful takeover of Orme developments, Roy Strudwick's attempt to regain control of Royco, and the takeover of Hardy, the furnishers by Harris Queensway, where Barclays *advised Hardy.*

Baring Brothers

NINE MANAGING directors and 21 other executive staff man the corporate finance department at Baring. The department has no one chief. Five of the staff work solely on project finance. Barings' clients are in the main medium and large-sized companies. It has always been particularly active in the *mergers and acquisitions* field. Among its recent major operations have been advising the Guthrie Corporation on fighting off Sime Darby; Highland Distilleries against the Hiram Walker bid; Philips Industries on acquisition of the minority interest in Pye Holdings; and the placing (jointly with Morgan Grenfell) of Imperial *Group's shareholdings in BATs.*

County Bank

COUNTY BANK, the merchant banking arm of the National Westminster Bank group, has been in the news recently because of its advice to Decca in the contested takeover battle between Racal and GEC.

County sees itself as a merchant bank with a wide-ranging competence. Over recent years it has been busily *building up its client base* among medium-sized but growing companies up and down the country, without necessarily restricting itself to NatWest clients.

The corporate finance department is led by John Morgan, a solicitor who previously worked with Slaughter and May. He has a staff of about 30 executives.

County does not pretend to be one of the largest merchant banks, but it is working hard at growth. Examples of deals done recently include a substantial secondary placing of MFI shares, and advising Harris Queensway in its takeovers of Hardy the furnishers and Henderson Kenton. It also handled the flotation of Link House Publications. Altogether, it claims to have brought more new companies to the stock market for flotation over the past two years than any other *merchant bank.*

J. Henry Schroder Wagg

ALL THE leading banks in corporate finance rank Schroder as one of their best competitors. Informally, many corporate finance people reckon that it is *probably the number one or two* bank in domestic corporate finance at present.

The corporate affairs department at Schroder is led by Hugh Ashton. *He has a staff of about* 40 executives, 50 per cent of whom are chartered accountants by training.

Over the past three years Schroder has been the leading merchant bank in domestic rights issues. But this is hardly surprising since it sees itself as "the bank with the largest number of the largest UK companies" as clients.

Among the successful bids and deals which Schroder has been associated with over the past year are Oil Exploration's agreed deal with LASMO, the Sandeman takeover by Seagram, the Sedgwick Forbes/*Bland Payne merger* and the takeover of Westinghouse Brake by Hawker Siddeley. Schroder says it does not normally go in for contested bids, but it now finds itself advising C. T. Bowring against the unwelcome bid from Marsh and McLennan of the U.S. In each of these cases Schroder was advising the first company named.

Bids where Schroder's clients did not win include the Spillers takeover by Dalgety and GEC's acquisition of Averys.

Hugh Ashton emphasises that corporate finance is a very important part of Schroder. Nineteen-seventy-nine was a record year for fees, he agrees.

Hambros

THE CORPORATE finance department at Hambros is headed by executive director Mr. Christopher Sporborg. Three directors and nine other officials make up the department. Major recent jobs have included advis*ing Thorn on its bid for EMI,* and Charter Consolidated on its corporate re-structuring last year. Hambros is particularly keen to build up its small company clientele—which it fears may be instinctively put off by its size and accepting house *status. It enjoys handling entre*preneurial clients, amongst which its numbers Sir James Goldsmith. It is developing an interest in the buying and reselling of companies.

S. G. Warburg

THERE ARE few areas within UK merchant banking in which Warburg is not regarded as one of the most successful operators. This is particularly true of domestic corporate finance, where most of its main competitors rank it as one of the five leading merchant banks.

The senior director in charge of corporate finance at Warburg is Michael Valentine. He has a team of about a dozen directors, and 35 further executives.

This bank tends to be associated with the larger new issues, and has a client bias towards the more modern industries like electronics and service companies. Clients are mainly medium and large quoted companies.

Over the past year or so Warburg has been at the centre of some of the most interesting bids and deals in the City. It advised on the "Canadianisation" of International Thomson Organisation.

Warburg advised GEC on its recent successful bid for Averys, its advised Tennaco in its takeover of Albright and Wilson, and it is currently advising Marsh and McLennan, the U.S. insurance broking house, in its bid for Lloyd's insurance brokers, C. T. Bowring.

Mr. David Scholey, the deputy chairman at Warburg, acknowledges that corporate finance is a major part of the bank's business. Deals are becoming increasingly international, he says. "There is a lot of business on the boil at present."

Morgan Grenfell

WITHIN THE City, Morgan Grenfell is often talked about as one of the outstanding success stories of merchant banking over the past decade. It is certainly one of the leading banks in domestic corporate finance.

The department is curently led by Richard Webb, who is standing in while Graham Walsh is Director-General of the Takeover Panel. He has a staff of about 40 executives, including a tax department and eight directors. Like most other corporate finance departments, the *dominant discipline at Morgan* Grenfell is accounting. Indeed more than half of the staff in the department are chartered accountants. The next largest group is lawyers, followed by business and other graduates.

The corporate finance department is involved in a broad range of companies and industries. One area of speciality is oil.

Over the past year it handled a £17m rights issue for Tricentrol, and advised on LASMO's successful bid for Oil Exploration. Other acquisition deals where it has been involved include GKN's takeover of Sheepbridge Engineering, United Biscuits' acquisition of Specialty Brands in the U.S., Imperial Group's proposed acquisition of the Howard Johnson group—and, most recently, GEC's unsuccessful bid for Racal.

The corporate finance department is acknowledged to be an important profit centre for *Morgan Grenfell.* Richard Webb also sees success in this area as very important for the way the bank sees itself, and is regarded externally.

Lazard Brothers

SENIOR CORPORATE finance director Mr. E. W. T. Barnes heads the departments at Lazard. He is supported there by nine main board directors, and 16 executives, providing services to 47 quoted clients. Major recent jobs included advising EMI on the Thorn bid; Dalgety on its bid for Spillers; the defence on Wellman from Redman Heenan; and jointly underwriting the BP share issue last year. Lazard is particularly experienced in the handling of oil-based clients. Its close working relationships with Lazard Freres in Paris and New York *facilitate international deals for* clients like BOC and Unilever.

Kleinwort Benson

KLEINWORT BENSON is generally acknowledged to be the largest of the City accepting houses, judged on the basis of disclosed net assets. It is also one of the leading banks in corporate finance, both on a *domestic and international scale.*

These days Kleinwort prefers to take a lower public profile on the corporate finance side than it did in the days when *Sir Charles Ball was head of* this division of the bank. The amount of publicity Sir Charles got left the impression, some executives feel, that corporate finance was the main part of the bank's business. This is far from the case, though it is nevertheless a vital part of all the bank's services.

Today the corporate finance department is headed by Andrew Caldecott, a vice-chairman of the bank. He is backed up by a deputy, Lord Rockley, and a number of senior executives with responsibility for particular groups of clients. Altogether, the department has a staff of about 30 people. Some 40 per cent of these are chartered accountants, and the next largest group, by professional background, is lawyers. Apart from this there are several people taken in as graduates who have proved successful merchant bankers.

If Kleinwort has a speciality it probably lies in the retail and services areas. However it has an interest in most industries.

Over the past year or so Kleinwort has been involved with Sime Darby's unsuccessful bid for Guthrie Corporation, it successfully [illegible] off BTR's bid [illegible], it advised [illegible] in its successful bid for Caledonian Holdings, and it floated the B and Q retail chain. It has also been retailed by the British Government in connection with the proposed flotation of British Aerospace.

Rothschild

THE CORPORATE finance department at Rothschild comprises 30 executives headed by director David Secker Walker. While covering all aspects of corporate finance, the bank has particular expertise in international deals involving the Americas and south-east Asia. Of late, it has found itself involved more with mergers and acquisitions work than with capital-raising. Its involvement in major recent deals includes advising Tesco on its bid for Cartier Superstores; the National Enterprise Board on placing its ICL shares; and Northern Foods on the acquisition of U.S. company Bluebird.

Samuel Montagu

MR. JOHN GILLUM, deputy chairman responsible for corporate finance, heads a department of 20 executives, including six directors, at Montagu. The bank is a subsidiary of the Midland, which provides it with a ready-made introduction to many growing companies. It admits to being well-regarded for its takeover defences, which have included helping Dawson International to resist William Baird. It advised the Midland Bank and Bland Payne on the merger with Sedgwick Forbes, and advised the English Property Corporation through three takeover bids.

Hill Samuel

EXECUTIVE DIRECTOR Mr. David Bucks heads one of the City's largest corporate finance departments at Hill Samuel. Five directors are on full-time attachment, with the services of three others on call. Backing them up are 28 executives grouped into teams of four, with one team specialising in mergers and acquisitions. The other teams are attached to client lists. The bank has a strong regional presence, and is traditionally around the top of the rights issue tables. Major recent jobs have included advising Racal on its bid for Decca; Eagle Star on its bids for Bernard Sunley and the English Property Corporation; and Seagram on its bid for Sandeman.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The booming business of executive ransom

TERRORIST attacks have become an every day occurrence since the early 1970s. To be exact, in 1979 they were an eight-times-daily occurrence, according to a recent report on terrorism by the U.S. Conference Board, a business-backed organisation dedicated to the study of "solid facts on which managers can base their decisions."

As businessmen and their families account for almost half the victims in terrorist attacks, there is clearly good reason for business to address itself to the problem. Europe, the report says, was the location for over half the recorded incidents.

The most usual form of attack on businessmen is the kidnap and ransom demand. Some of these, like the German abduction of Dr. Hanns Martin Schleyer, president of the Employers' Federation, whose body was dumped after a 44-day detention in October, 1977, have led to the victim's death.

The majority of kidnappings, however, do not lead to death or even injury, but to what is itself *a crude and violent form* of business negotiation over the size of ransom and terms of release. Ransom demands of over $1m are now commonplace: the record, *not for a business-man*, was the price put on the head of Aldo Moro, the former Italian Premier.

Since 1970 an estimated $150m has been paid out to international terrorists. Of the 567 kidnappings in this period, 35 have resulted in death.

The figures are chilling, even though they are to some extent subjective — IRA activity in Britain and Ireland, for example, is excluded. Equally grim is the realisation, amply illustrated in the report, that a substantial industry has grown up aimed at both mitigating the financial consequences of terrorist acts and preventing them altogether...

Many insurance companies now offer ransom insurance, the precise figures for which are not available for obvious security reasons. Normally, the report says, companies are self-insured for the first half-million or million dollars of a ransom payment. Premiums are high, but are a worthwhile precaution for companies whose top executives are well known and often working in politically-sensitive territory.

But the biggest industry by far is that of security itself. The Conference Board offers for executives a detailed package of advice on how to avoid finding themselves in the hands of kidnappers. These include using false names, regularly changing cars, avoiding remote areas and, above all, never becoming a creature of habit.

Beyond these self-help ideas, many companies have resorted to the use of bodyguards and other security staff. The report casts doubt on the quality of some of these agents, suggesting that many of them were occupied taking clandestine photographs in hotel rooms until a few years ago, when a change in the moral atmosphere and the divorce laws destroyed that particular line of business.

Governments have poured resources into other forms of anti-terrorist precautions. In the U.S. efforts have ranged from the establishment of a sophisticated FBI anti-terrorist centre to a proposal by the Treasury that all non-military explosives should be obliged to contain a specified number of so-called "tagging particles" which would be identifiable by forensic experts after an explosion.

But, the report adds, if the U.S. Secret Service is unable to prevent the assassination of Presidents, there are no fool-proof systems. Like the installation of sound window-catches or burglar alarms, the best you can hope for is that your own security efforts will encourage the terrorist to seek his victim further along the street.

Some of the procedures recommended for the security-conscious businessman are:

- **Make reservations under false names.**
- **Remove company identification from vehicles and other highly visible property.**
- **Ensure that all phone numbers are ex-directory.**
- **Change cars and number-plates of top executives' cars at regular intervals.**
- **Install security devices at parking places used by executives and never advertise an executive's parking space with signs like "This space belongs to the Managing Director."**
- **In high-risk countries, avoid travel by executives or their families to remote rural areas and learn to become less of a creature of habit. Avoid travelling to work by the same route or at the same hour each day.**

Nearly three-quarters of attacks on executives began with the blocking of a car carrying the victim.

- **Keep an accurate and up-to-date security dossier on top executives, including such material as finger and palm prints and contacts where information on dental records could be obtained.**

INTERNATIONAL TERRORIST INCIDENTS

Year	Number
1970	293
1971	278
1972	206
1973	311
1974	388
1975	572
1976	728
1977	1,256
1978	1,511
1979	2,662*

* First nine months only.

Source: "International Terrorism and Business Security," by E. Patrick McGuire (Conference Board Bulletin No. 65). Available from The Conference Board, 845 3rd Avenue, New York, NY 10022, U.S.

Ian Hargreaves

BUSINESS LAW

No longer patently obvious?

A STORM is blowing through the closely knit community of British patent agents and patent searchers. The cause of the unrest was much discussed in a spate of letters published in The Financial Times in December, all complaining that the Patent Office has arbitrarily changed its system of indexing patents so that it no longer guides the searcher to previous *patents concerning a particular type* of product, process or function.

The deterioration was caused, it is alleged, by discontinuing the index codes indicating the uses which a particular invention is meant to serve, and instead classifying patents only according to the "inventive step" by which their granting is justified.

This, wrote Mr. R. Arnot in a letter (Dec. 6, 1979) makes it "increasingly more difficult to determine whether an invention *is truly novel. Mr. Arnot is one* of some 200 patent searchers, virtually living in the library of the Patent Office, to whom companies turn for help when accused of an infringement of patent. Anyone so accused will try to prove that the patent is not valid and in most cases will commission one of the patent searchers to look for a previous patent in which the same invention was disclosed.

One of the examples given of the inadequacy of the new system is the classification of a British patent granted for the invention of a carbon coating which renders surgical devices, such as a heart valve, more acceptable to the human body. This is now listed under "coating with metals" and under "coated products" but not under prosthetic or surgical devices or under "valves."

This example, and the others given *by Mr. Arnot, do not* quite support his argument that it is now more difficult to disprove the validity of an existing patent, so that its infringers suffer and unnecessary royalties often have to be paid abroad. On the contrary, this type of classification, based on the inventive step, would facilitate a fast and economical disproval of the novelty of any *later* patent granted for the improvement of a heart valve by carbon coating.

The other argument, that this *manner of indexing makes it* difficult to find out quickly what the state of the art of making heart valves is — a knowledge anyone embarking on their development, manufacture, marketing or selection would need to acquire — seems much more valid and explains why so many renowned industrial companies support Mr. Arnot's growing campaign for a short Bill seeking to impose on the Patent Office a duty to index patents in a "common sense" way, according to the use they serve.

This is no small matter. The social benefit expected from the patent system lies not only in the encouragement of research and development by the promise of a limited monopoly of exploitation of the resulting invention. Another, equally important objective, is the facilitation of technological advance by the disclosure of the invention in a published patent specification. And such is the state of the technology and information explosion that without a proper index most of the 1.6m British patent classifications published since 1817—to which some 40,000 are added each year—would for all practical purposes remain secret.

Anyone can obtain a copy of any published patent specification—but finding out which he wants without an index is like looking for the proverbial needle in a haystack.

No-one in Britain has gone so far as to deny that the British patent classification is still much better and more practical than classifications used in other countries, not to speak of the recently-agreed International Patent Classification which is of little use because of its long (five yearly) updating period and problems caused by multilingual sources—some of which are in countries which are only now developing a national system.

The cry is rather that the British system is not as good as it used to be. Answering a parliamentary question Mr. Reginald Eyre, the Department of Trade Minister responsible for the Patent Office, made it clear that the Government does not admit that there is any deterioration, and in any case does not want to interfere, least of all spend money providing a more comprehensive index.

The Patent Office, accused of reducing access to patent information and of losing sight of its function as a disseminator of technical information, originally maintained a sullen silence. It feared that the subject was so technical that it could not be explained to the public and that whatever its officials could say would be used by its accusers as evidence against it. This silence has now been broken, by the

Patent Office agreeing to take the Financial Times and the public into its confidence.

A discussion with Mr. I. J. G. Davis, the Comptroller General, and his principal assistants responsible for classification and indexing revealed immediately that the change is seen in the Patent Office as a result not of decisions taken by them, but of necessity.

They see it as a gradual process which started long before the new Patent Act of 1977 made the work of examiners more onerous. However, this Act lent a greater urgency to the revival of the objectives of the original British patent classification which was devised, in the last years of the 19th century, mainly to assist examiners to assess the novelty of inventions. For this purpose it divided and sub-divided inventions into logically organised categories very similar to the decimal system used in libraries.

Only much later, between 1950 and 1970, did the system absorb elements of indexing which enabled the searcher to trace all specifications referring, for example, to "bicycle," even if classified under the "vehicle" category; in this way the searcher would be led to inventions applicable to bicycles but listed under "lubrication" or "suspension," for example.

If a searcher had called for all references to a motor car in 1912 he would have received a manageable parcel of papers. To do so now would be to throw up so long a list of references as to be quite unmanageable. To be useful, such index headings would have to be further subdivided and each developed into a small classification of its own.

It is estimated that on average an examiner spends about three hours in classifying a patent specification according to the British patent classification key. Those in favour of the reintroduction of a product classification argue that it would take only another 30 secs. or so to add an index code according to the Standard Industrial Classification (SIC), the product classification system widely used by governments and industry throughout the world.

The Patent Office accepts that an additional index code under the SIC product classification would pose no great problems to the examiner, but insists that it would lead to a great amount of additional clerical work at the later stages of the process. The additional index code would have to be entered on cards or into the computer memory: the input time for computer coding is high and the computerised retrieval systems are elaborate and inflexible, so that the Patent Office uses computerised retrieval only in two areas covering only a fraction of its overall "memory."

Moreover, each additional index code would add to the burden of providing lists of specifications marked with the *particular code*.

These were the factors which over the past decade caused the Patent Office to move gradually away from product indexing and to concentrate more and more on classifying according to the inventive step.

The Patent Office referred publicly to this new policy for the first time in 1978 in connection with the annual revision of its classification key—a task that took about 7,000 man days in 1979. On that occasion it stated that "the classification key has been developed solely to facilitate the official search and is not intended or adapted for use as a subject index . . . though it can be of considerable assistance in such searches."

This statement was taken by some observers as an indication of a reversal of policy; but the Patent Office maintains that it was, merely describing a development which had been taking place for many years.

There is no doubt that the Patent Office is under no statutory obligation to provide a subject index. Its duties include only the provision of a classification facilitating searches concerning the novelty and "obviousness" of an invention for which a patent is required.

It also seems quite plausible that it has not given up subject indexing frivolously but was driven to it by the need to make a cut somewhere, in view *of the expanding volume of* applications.

The situation was complicated by the new Patent Act of 1977 which made the work of *examiners more difficult* by requiring them to look for "absolute novelty" instead of novelty only in the light of British patents.

They could previously have been satisfied that the invention was new when there was no previous British patent, but they must now cast their nets much wider. This is bound to absorb a greater part of the personnel budget and leave less time for the servicing of classifications system. As the Patent Office is bound by the Civil Service personnel limits and the government seems in no mood at present to sanction an expansion, it would not be helped, even if it could earn *more money by selling the in*formation provided by an additional subject index.

All this, however, does not dispose of the case of those *who claim that industry suffers* as a result. A recent study undertaken by Dr. C. Oppenheim*, lecturer in information science at the City University, indicated that product information can be much better retrieved by means of the Standard Industrial Classification than by the British Patents Classification. In 12 experimental product searches the first approach enabled the retrieval of 98.2 per cent of the patents that should be retrieved, compared with only 84.8 per cent retrieved by the second.

The fundamental question is whether priority should be given to the examination of patent applications or to technical information for industry. This must also be considered in connection with an overall assessment of the future of the patent system.

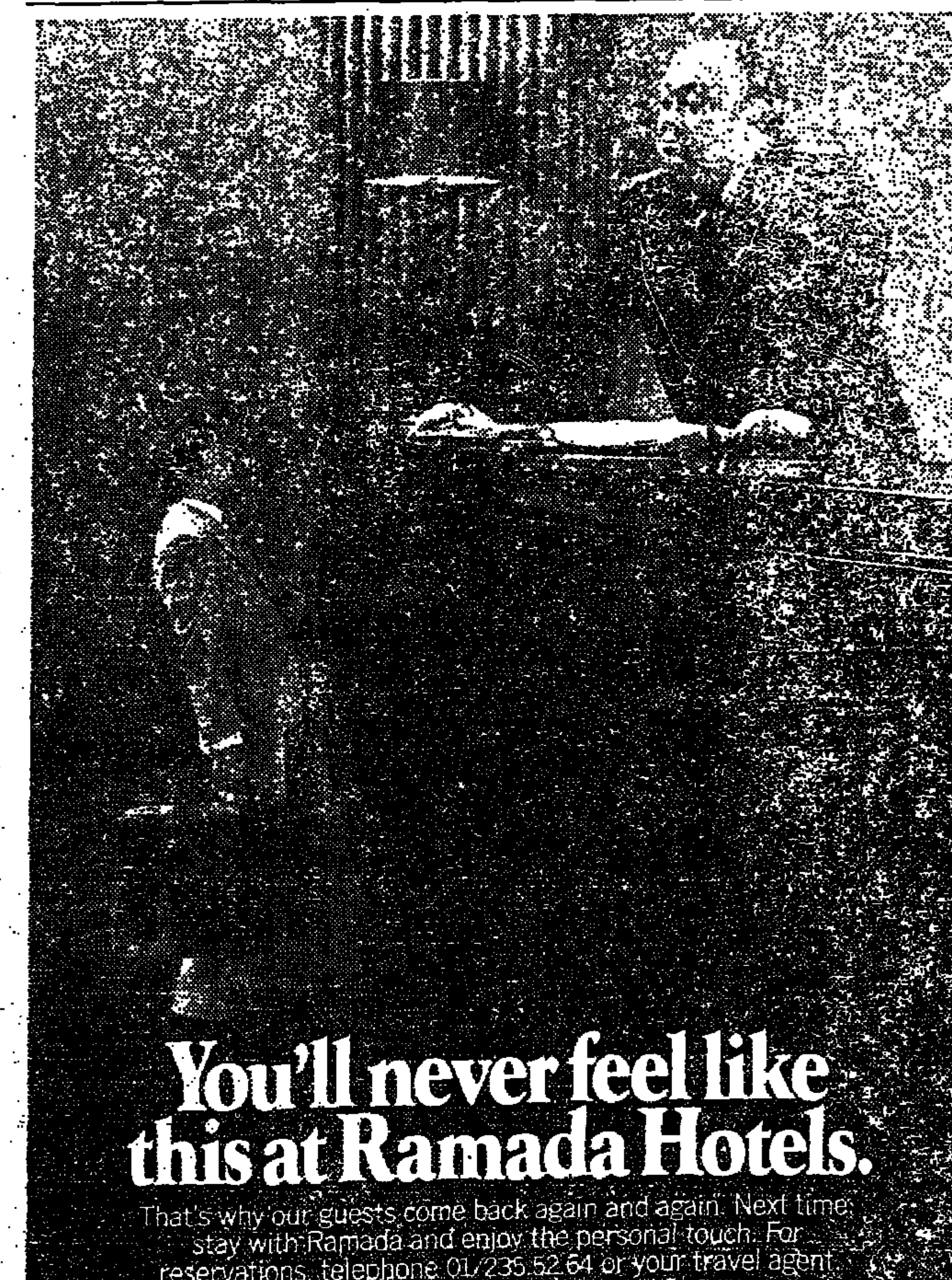
Not only are examinations becoming extremely costly, it is also impossible to make a truly exhaustive examination before the granting of a patent. This reality has been recognised in France, which grants patents without examination; Belgium and Italy do not carry out any substantive examination prior to grant and Germany, the Netherlands and Japan have adopted *a system of deferred examination*.

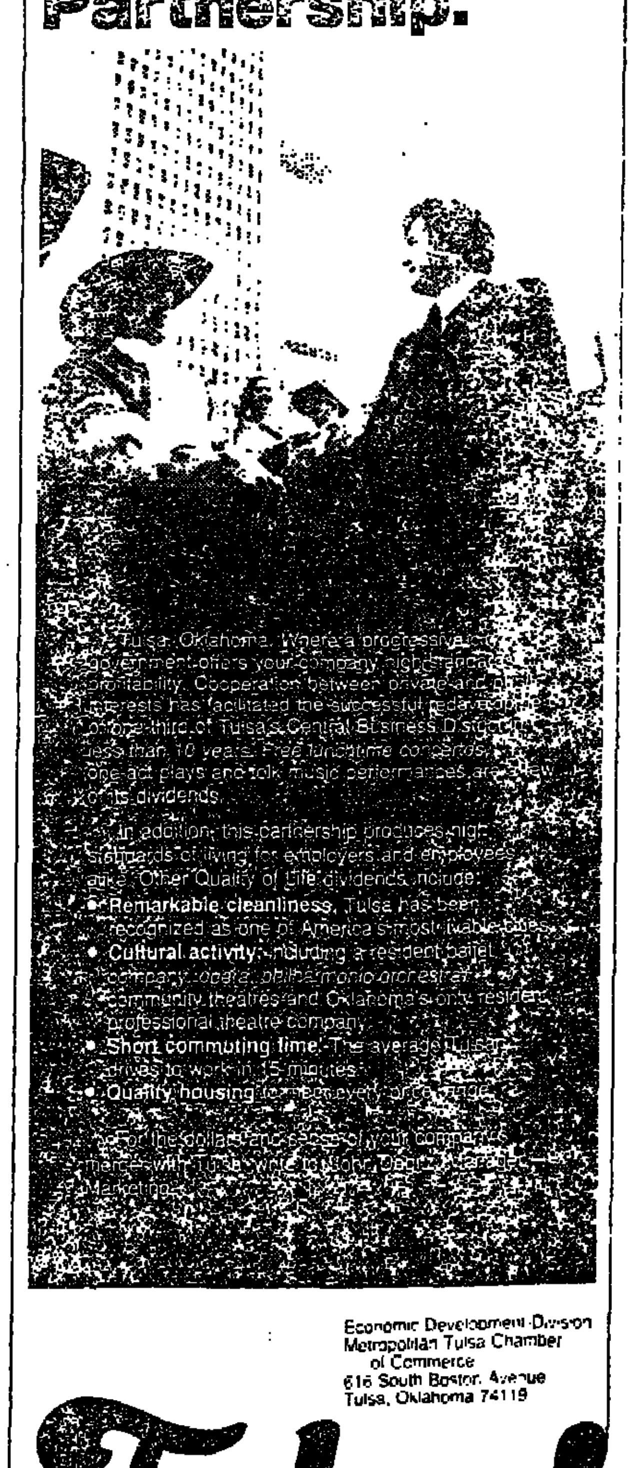
The trend seems to be towards a patent system not much different from copyright. So it seems reasonable to ask whether the resources and accumulated expertise of the Patent Office would not be better employed in the dissemination of technical information; after all, this was one of the original objectives of the patent system.

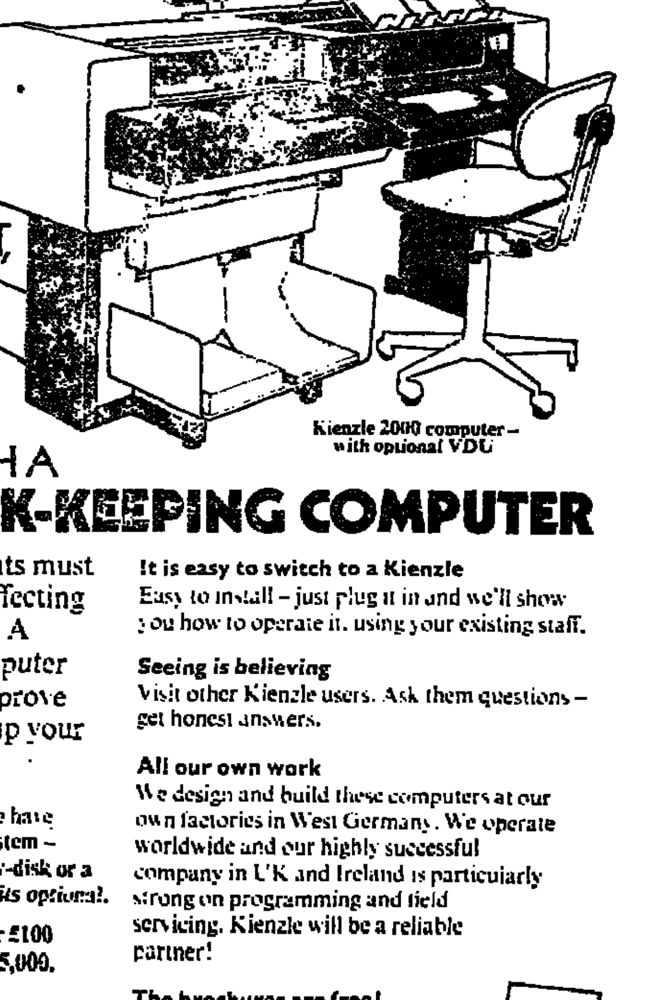
We are faced with the choice between a Patent Office as it is and the Patent Office transformed into a technical library. The future, it seems, belongs to the technical library, but the Patent Office and the friends *of the conventional patent* system have a stronger hold on the present.

* *In a paper delivered on January 16 at the OGM of the Chartered Institute of Patent Agents.*

A. H. Hermann







LOMBARD

Time to end the mergers muddle

BY GEOFFREY OWEN

MERGERS policy is in a mess. It is really not good enough for a government which believes in competition to let it continue for much longer. Ministers must think through the problem, reach a collective conclusion and announce it. Amendments to the 1973 Fair Trading Act might be needed and that will take time, but the announcement of the government's intentions will clear the air.

There are two main questions. Does the government want to discourage mergers which reduce competition? Is the government concerned about large conglomerate mergers?

Efficiency

If the answer to the first question is "yes," the government must be more consistent in its decisions about which mergers are referred to the Monopolies Commission. It must also clarify and tighten the criteria which the Commission uses to decide whether or not a merger is against the public interest.

In principle any merger which significantly reduces competition should be referred unless the offsetting advantages—such as economies of scale, greater efficiency or the rescue of a failing company—are so overwhelming that the Office of Fair Trading feels a reference is not needed. Normally an investigation by the Commission is necessary for a full assessment of the claimed advantages. In practice there have been too many cases where the OFT has recommended a reference but has been overruled by Ministers after strenuous lobbying by the parties concerned.

More serious is the fact that when a merger of this sort is referred the Commission is quite likely to clear it, even though the offsetting advantages are meagre or non-existent. This is because, under the Fair Trading Act, the desirability of maintaining competition is only one of five rather woolly criteria which the Commission has to take into account. If the government takes competition seriously, it should accept the amendment suggested in the 1978 Green Paper, which would require the Commission "to report first on whether the merger might be expected to prevent, restrict or distort competition significantly." Although it might conclude that the detriments of reduced competition were offset by other benefits, the maintenance of competition would become the Commission's primary objective.

On the second question the government has a choice. It may conclude that most conglomerate mergers do not affect competition, that the increasing concentration of industry in the hands of very large companies is nothing to worry about and that the question of whether a merger might damage efficiency should be decided in the marketplace. On this view, mergers of the GEC/Averys type should not be referred. Only those few conglomerate mergers which seem likely to have impact on competition would justify a reference; that is the only aspect with which the Commission would be concerned.

The alternative view—which is as much a political as an economic judgment—is that the disappearance of successful, medium-sized companies into giant conglomerates is against the public interest and should only be permitted if the acquirer can demonstrate clear advantages resulting from the merger. If that is the government's conclusion, the instructions to the Commission should be amended accordingly.

Referee

What makes no sense is for Ministers to express vague distaste for large conglomerate mergers and to refer some of them to the Commission, then to be disappointed when the Commission finds nothing wrong with them. In the few cases where it has ruled against conglomerate mergers, it has generally relied on predictions about the future management of the combined group—a very hazardous exercise.

As things stand decisions on merger references are totally unpredictable, as are the Commission's verdicts. If the government is to act as referee in the marketplace, players and referee must know what the rules of the game are.

A plethora of pot-plants

GARDENS TODAY

BY ROBIN LANE FOX

THIS WEEK, I want to follow up a good idea for your gardens which I have never applied in my own. No, I am not about to suggest that you tarmac the whole thing or put it down to rough grass, or, more deviously, that you try the new large-flowered form of convolvulus among those frightful dwarf conifers. I want to develop the principle of all the best small gardens I know.

Their owners are never deterred by a small area. They assume that they can double it by using pots and tubs all over the surface. I mean all over it, as there is a fine use for flower-pots up the surface of a colour-washed wall in a town garden. They can be fixed above ground level with nails and circular holders. I assume that you will avoid red geraniums against that strong sugar-pink.

Impressive

The pots have to be watered, of course, but, if you matched low-growing irises against a pale green background with Campanulas and geranium Buxtons Blue for later in the season, it could all look more impressive than yet another cream-flowered honeysuckle.

Down on the ground, the most conspicuous pot-plants are those which grow up a frame of wire or a tripod of bamboo canes. I will not recommend the brilliant blue-flowered Morning Glory, as you might expect, if only because you will probably go to a hotter country for a summer holiday and will see it in broad sheets of flower, after which your own 10 flowers on a struggling plant will not seem much of an achievement. It is a compensation of readers who have to garden in Europe, as it needs a hot summer to be at its best. Well-grown nasturtiums are better value in Britain, if you choose a taller and longer form.

The best pot-plants outdoors are those which can be trained to a height, say, of three feet on a circular pattern of hoops of plain wire. You will need as wide a pot as possible, 12 inches in diameter at least. You must be prepared to water these big plants throughout the growing season, but, if you aim at a feature of some size, you can be sure that no wind or visitor will knock it over, and that nobody will be left to apologise for a dog which was supposed to have sat in the car.

There are many possibilities, but I would like to dwell on three, which I have watched at their best in other gardens. Two of them I like very much. The third is such a popular choice and so widely sold in so many varieties that I must put on record my experiences with it in plans for several small London gardens.

The first choices presume that you have a conservatory, cold greenhouse, or a sitting-room as cold as mine. They must spend the winter under cover, as they are not hardy and lose their point if you have to start them from scratch each year, so that they never grow thick and tall. You probably know a grey-leaved bedding-plant called Helichrysum petiolatum. Its leaves are rounded and as soft as felt. The stems are quite strong and grow out at attractive angles. There is a yellow-leaved form which is less desirable and which was set beside some pink heliotrope last year in that rock-bottom home of bad public bedding schemes, Kew Gardens.

Stay with the grey-leaved variety and train it upwards over a semi-circle of plain wire, which is bent into hoops. This should be surrounded with full circles at intervals on the way up, so that you can tie a framework of stems on to it. The result is an unusual mound of grey leaves, whose stray branches grow outwards in a pretty style. Two large pots trained this way would dominate any terrace.

So, too, would similar pots of the half-hardy Jasmine Polianthum. This can be treated in the same way, and grows even faster to a proper height. Now is a good moment to buy a young plant of it from a nurseryman, not from a florist, who will charge you the earth for the slightest hint of a bud.

It multiplies like ground elder from cuttings in the growing season, and would be the perfect plant for scent and freedom of flower but for one unpredictability. Some plants will grow freely after their second year, while refusing to flower ever again. Hard pruning does not correct this. You are left to live with a sprawling mound of dark green leaves, which you can cut, starve or beat without the reward of those powerfully-scented clusters of rolled pink buds and white flowers. I suppose there are easy and stubborn forms on the market, and you must hope to be lucky in your chosen plant. Cut back the young growth ruthlessly after flowering, both for shape and next year's crop.

If all goes well, you will have the jewel in any old Persian garden, a trained mound of the white jasmine, which outdoes all others in its sweeping strength of scent. Grey Helichrysum is a subtle match for it at a similar height of three feet, when hard-pruned.

Both these fine and unusual pot-plants are happiest in full sun. They sit well in a front garden beside doors and windows. In winter, each must return to a sheltered house. Not so my last suggestion, the popular ivy which sells yearly by the thousand and has been improved into so many new forms. It is a plant for shade and cold gardens, especially in towns. Be sure, however, that you know the forms which you like best.

I am not quite convinced by the ivy as a garden plant. It has to be grown in one of its fancy forms and these can be too much of a show for most gardens. Either they are too bright, like the golden-yellow buttercup, or else they are somehow too evergreen and urban, like the familiar Hedra colchica in all its variations. As pot-plants, I think they are in their element, artificial but rightly so and very vigorous in all shapes and sizes. The marbled ivy, called marmorata, will trail over a low hoop in a smaller pot with plants, perhaps of the crimped ivy, called cristata beside it. This crimped variety is more upright and not so amenable to training.

The big deltoid form of Hedera colchica is the focal point in any planted series of potted ivy, grey, green and yellow in leaf and also a pretty rose-pink in its terminal stems. This one will then up a tripod of bamboo canes to a good height of 3 or 4 ft and still climb further. Buttercup is far better than its name and make a fit yellow companion best, however, in the sunlight.

Foreground

For a yellow in shade, I would opt for the subtle Gold Heart, still wrongly sold as Jubilee. The yellow here is confined to a splash in the middle of the small pointed leaves. It is a slowish plant by the usual standards of a garden ivy, but I will take hold on hoops of wire covered in wire netting. It should be moved into a nest of trees, a potted answer to a shaded city garden.

They come in all heights and gradations and can be combined in the foreground of any small courtyard. The more you have, the prettier this principle does not save labour, but it brings the best out of these and the other climbing plants in pots.

Historic chance for Hilly Way

RACING

BY DOMINIC WIGAN

IRELAND'S Hilly Way will make history at Cheltenham this afternoon if he proves capable of landing his third successive Two Mile Champion Chase.

Fortria, Drinny's Double, and Skymas all won in consecutive years, and Royal Relief scored in 1972 and 1974, but no horse has yet achieved three wins or a hat-trick.

If, as seems likely, the ground proves testing, Hilly Way's chance must be a formidable one.

In last year's race for this event—now renamed the Queen Elizabeth the Queen Mother Champion Chase—Hilly Way was close to the leaders when Artifice slipped on landing at the penultimate fence. From there on Hilly Way always looked likely to beat Dramatist, the favourite, and at the line had six lengths to spare over the Saxon House representative, who found little on the final climb.

Although it could be argued that Dramatist was a novice last year and will be a more experienced opponent this afternoon, I cannot say that I thought Fulke Walwyn's charge showed much enthusiasm when it came to a tussle with Daletta at Haydock last time out.

Should Dramatist and Hilly Way be close from the penultimate fence, I believe Hilly Way's undoubted courage will again see him home. Of the remainder the best is probably Young Arthur, the winner of the Grand Annual Chase two seasons ago and the third of five finishers in last year's field of 17 for the Two Mile Champion Chase.

The Joe Coral Golden Hurdle final invariably produces a large field, and has proved less than profitable for punters. Willie Wumpkins came home at 25-1 last year, and is in the field again today, at considerably shorter odds.

A better win and place prospect this time could be Two Coppers, from Les Kennard's in-form Taunton stable.

Two other possible winners, on a card which will see few backers getting the better of the bookmakers, are Lenygon in the Sun Alliance Novices Hurdle, and Little Owl who goes for the Sun Alliance Chase.

CHELTENHAM

2.15—Lenygon**
2.50—Hilly Way
3.30—Two Coppers*
4.05—Little Owl***
4.40—Immigrate
5.15—Crown Matrimonial

TV Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You And Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill At One. 1.45 Playboard. 2.01 For Schools, Colleges. 3.25 Children's Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 The Backyard. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 God's Wonderful Railway. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 6.50 The Wednesday Film: "Call of the Wild," starring Charlton Heston. 8.30 Potter. 9.00 Party Political Broadcast by the Conservative Party. 9.10 News. 9.35 Just Normal, Normal. Heart Transplants (recent developments). 10.05 Sportsnight. 10.55 Parkinson with guests. 11.55 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales — 11.02-11.22 am Ysgolion. 5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.50 Tom and Jerry. 7.00 Heddiw. 7.30 A Question of Sport. 8.00-8.30 My Wife Next Door. 11.55 News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University. 10.20 Gharbar. 11.00 Play School. 2.00 pm Racing from Cheltenham. 4.50 Open University. †5.40 Flash Gordon. 6.00 The Paul Daniels Magic Show. 6.30 The Master Game. 7.00 Racing: Cheltenham Festival (highlights). 7.10 Mid-evening News. 7.20 Mr. Smith's Rock Garden. 7.45 In Search of Arthur. 8.25 Arena. 9.00 Therese Raquin. 9.55 The King's Singers. 10.45 A Party Political Broadcast (as BBC-1 9.00 pm). 10.55 Newsnight. 11.40 Open Door.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 The Outsiders. 3.45 Hobson's Choice. 4.15 The Sooty Show. 4.45 The Life and Times of Grizzly Adams. 5.45 News. 6.00 Thames News. 6.25 Help! 6.35 Crossroads. 7.00 This Is Your Life. 7.30 Coronation Street. 8.00 Bernard Manning. 9.00 ITV Playhouse. 10.00 Party Political Broadcast by the Conservative Party. 10.10 News. 10.40 Midweek Sports Special. 11.45 Superstar Profile: Mel Brooks. 12.15 am Close: Personal choice with Anna Ford.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Barney Miller. 6.00 About Anglia. 12.10 am Winners and Losers. 12.40 The Big Question.

ATV

10.30 am Something Different ("I Could Kill That Kid"). 11.04 Schools Programmes (continued). 12.30 pm The Electric Theatre Show looks at Glenda Jackson's career. 1.20 ATV Newsdesk. 2.45 The Love Boat. 4.45 White Light. 5.15 Selwyn. 6.00 ATV Today including Police Five. 11.45 ATV Newsdesk. 11.50 Barney Miller.

BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Happy Days. 6.00 Lookaround Wednesday. 11.45 Police Surgeon. 12.15 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and weather. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Makin'. 6.00 Report at Six. 10.38 Channel Late News. 12.10 am Epilogue followed by news and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Survival. 6.00 North Tonight. 10.45 Reflections. 12.15 Living and Growing. 12.45 North Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live from Two. 2.50 Money-Go-Round. 3.20 The Wild, Wild World of Animals. 4.45 White Light. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 11.45 Police Surgeon. 12.10 am Inside Business.

HTV

1.20 pm Report West Headlines. 2.45 The Outsiders. 4.45 White Light. 5.15 Daffy Duck and the Dinosaur. 5.20 Crossroads. 6.00 Report West. 6.30 Stortalk. 11.45 Fireside Theatre.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Flabbalan. 1.20 pm Penawdau Newyddion y Dydd. [illegible] Report Wales Headlines. 4.45-5.15 Ni a Nhw. 6.00 Y Dydd. 6.15 Report Wales. 6.30-7.00 Brave Old World.

SCOTTISH

1.20 pm News and road and weather. 1.30 The Rolf Harris Show. 2.45 The New Avengers. 4.45 White Light. 5.15 Alastair McDonald. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Farm. 10.45 Late Call.

SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Midweek (South East area only). 11.45 Southern News Extra. 11.50 George Hamilton IV.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Where The Jobs Are. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Bailey's Bird. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 11.45 North East News Headlines. 11.47 Power without Glory. 12.40 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.45 Money-Go-Round. 3.15 Selwyn. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.39 Ulster weather. 11.45 Barney Miller.

WESTWARD

11.38 am Documentary Re-run (The Date That Died). 1.20 pm Westward News Headlines. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 4.45 White Light. 5.12 Gus Honeybun's Birthdays. 5.15 Makin' It. 6.00 Westward Diary. 11.45 George Hamilton IV. 12.10 am Faith for Life. 12.15 West Country weather and shipping forecast.

YORKSHIRE

10.35 am The Adventure World of Sir Edmund Hilary. 11.04 For Schools (continued). 1.20 pm Calendar News. 2.45 Three Little Worlds. 3.15 Money-Go-Round. 4.45 White Light. 5.15 Bailey's Bird. 6.00 Calendar (Emley Moor and Belmont editions). 11.45 Have Girls Will Travel.

Radio Wavelengths

1: 1053kHz/285m, 1089kHz/275m
2: 693kHz/433m, 909kHz/330m & 88-91vhf stereo
3: 1215kHz/247m & 90-92.5vhf stereo
4: 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast ‡Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Steve Jones Request Show (S) including Racing from Cheltenham. 4.10 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 Derek Hobson (S). 8.02 Listen to the Band (S). 8.45 Alan Dell with The Dance Band Days. 9.15 The Magic of the Musicals (S). 9.55 Sports Desk. 10.02 The News Huddlines with Roy Hudd. 10.30 Eddie Waring says Be My Guest. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composers: At The Court of Gustav III (S). 9.45 Music for Organ (S). 10.35 London Studio Strings (S). 11.10 Piano Recital (S). 11.55 Wagner and Sibelius concert (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Fifty Years of British Music (S). 3.40 Goethe Settings (S). 4.20 Aspects of the Blues. 4.55 News. 5.00 Mainly for Pleasure (S) (‡ and mono only from 6.20). 7.00 Music Now. 7.45 Music for Clavichord (S). 8.00 Rozhdestvensky and the BBC SO concert, part 1: Tippett (S). 8.30 Six Continents. 8.50 Rozhdestvensky and the BBC SO, part 2: Holst (S). 10.00 Radio 3 Short Story Competition. 10.20 Elegy (S). 10.40 Mozart Chamber music concert (S). 11.55-12.00 News. VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-week with Elaine Stritch. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Double Act. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM: news magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 The Profession of Intelligence (Evolution of the British Secret Service). 8.45 File on 4 investigates the truth about "Scroungers." 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Life and Times of the Orchestra (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Ideal Home Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

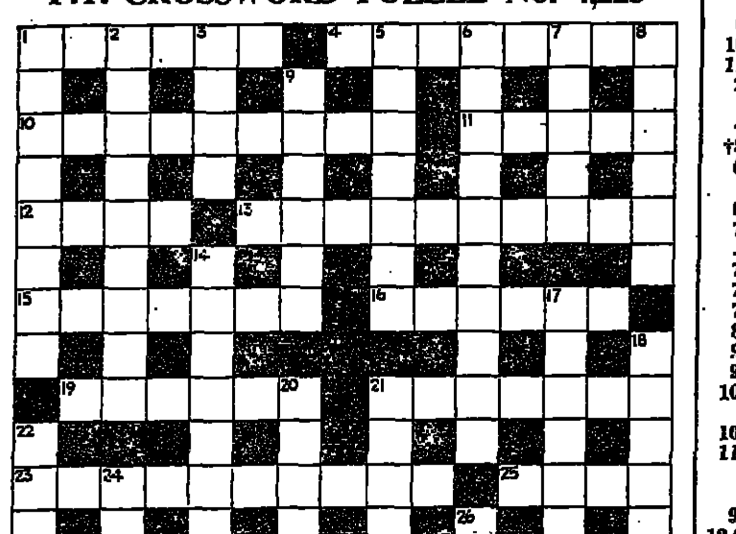
London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm Jazz After Eight — Keith Howell live from the Ideal Home Exhibition. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Carol Allen—Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Breakfast Show with Mike Smith (S). 9.00 am Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Open Line with Ric Davies (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,223



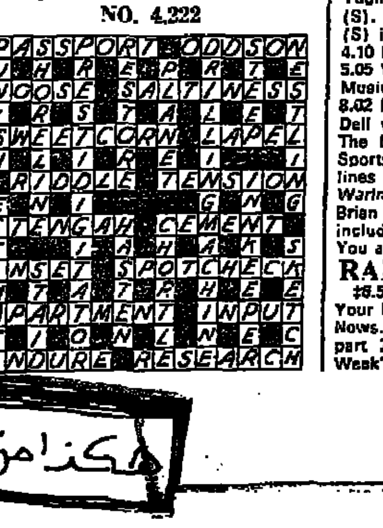
ACROSS

1 Playwright officer protected child (6)
4 Store for golfers in which members meet (4, 4)
10 Article jumping in good supply (9)
11 Cast supporting injured member (5)
12 Penetrating to king even (4)
13 Invalid not treated inwardly (3, 7)
15 A weaker mixture to animate once more (7)
16 See heavyweight return hard water (6)
19 Inclined to circle shed (4-2)
21 Paid performer to sit for painting design (7)
23 Beast follows nothing up in part of meal (6, 4)
25 Endured drill (4)
27 To pamper a student is partly a bloomer (5)
28 Herrenvolk believer returns first-class vehicle with catalogue (9)
29 Press worker about beer (8)
30 Archdeacon always in thin overcoat (6)

DOWN

1 Mad about biscuits (8)
2 Entire southern beer is on a large scale (9)
3 Wagner available by telephone (4)
5 Members fasten on to twisting at Lord's.
6 Focal point for untrained travellers (3, 7)
7 Ought grape supplier to be like sheep? (5)
8 Could youth leader be powerful? (6)
9 Form of work out (6)
14 Number father at home with assassin (4, 6)
17 Creature keeps schoolchildren in line (9)
18 Salesman joins consumer of parrot (8)
20 Watch old boy takes to Minister (7)
21 Blow round a corporation (6)
22 Milk supplier for each English poet (6)
24 Add to ram (3, 2)
26 Official staff came by arrangement (4)

SOLUTION TO PUZZLE NO. 4,222



ENTERTAINMENT GUIDE

OPERA & BALLET

[illegible]

THEATRES

[illegible]

BOULEVARD TH. at the Raymond Revuebar, Walker's Court Brewer Street. CC. Tel. 01-437 2661. PAUL RAYMOND PRESENTS America's Sex Queen Live on Stage. MARILYN CHAMBERS. Must end April 5 prior to American tour. Twice Nightly Mon.-Sat. 8.0 and 10.0 pm

CAMBRIDGE. 01-836 6056. Credit cards accepted 01-836 7040. Mon. to Fri. 8.00. Thurs. 3.00. Sat. 5.00 & 8.30. THE HIT BROADWAY MUSICAL. VOTED BEST MUSICAL OF THE YEAR CHICAGO ELIZABETH SEAL. JENNY LOGAN. COLIN BENNETT. DON FELLOWS. HOPE JACKMAN. G. LYONS. Reduced prices for parties. 379 6061. 836 6056. Students. Nurses OAP standby £1.50.

COMEDY THEATRE. CC. 930 2578. Mon.-Sat. 9.00. Mat. Fri. and Sat. 6.30. THE ROCKY HORROR SHOW. Group Sales. Box Office 01-379 6061.

CRITERION. 930 3216. CC. Bookings 379 6565. Group bkgs. 836 3962. Evgs. 8.00. Sats. 6.30 and 8.30. Thurs. Mat. 3.00. PRICES: MON-THUR £2, £3, £4. NEIL SIMON'S LAST OF THE RED HOT LOVERS.

DUKE OF YORK'S. CC. 836 5122. GLENDA JACKSON ROSE. A new play by Andrew Davies. Evgs. 8.00. Mats. Wed. 3.00. Sats. 5.00.

GARRICK. CC. 01-836 4601. Evgs. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. Gareth Hunt in DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Evgs. 8.00. Mat. Wed. 3.00. Sat. 5.00 and 8.15. Beryl Reid. Barry Foster. Peter Bowles. Jan Waters in a new play by Peter Nichols BORN IN THE GARDENS. Directed by Clifford Williams.

GREENWICH THEATRE. S. CC. 858 7755. Evenings 8.00. Mat. Sat. 2.30 PRIVATE LIVES by NOEL COWARD. MARIA AITKEN. "Irresistible."—E. News. MICHAEL JAYSTON. "Immaculate." Gdn. "JENNY QUAYLE and IAN COLLIER are excellent." E. Stan. "An enchanting evening." E. News.

HAYMARKET THEATRE. CC. 01-930 9832. Evgs. 8.00. Mat. Wed. 2.30. Sat. 4.30 and 8.00. DOROTHY TUTIN. DONALD PLEASANCE REFLECTIONS. A new play by John Peacock. Rcd. price Prev. Tonight 8.00 pm. Opens Tomor. 7.00.

HER MAJESTY'S THEATRE. 930 6606. OPENING MARCH 19. Keith Michell. Julia McKenzie. Mark Wynter. Ann Beach in The Award Winning Broadway Musical ON THE 20th CENTURY. Red price prevs tonight at 8.0 & nightly until March 18.

KING'S HEAD. 226 1916. Dinner 7. Show 8. CATCHPENNY TWIST by Stewart Parker.

LYRIC HAMMERSMITH. 01-741 2311. West End Box Office 836 4207. Prevs from Ton't. Evgs 7.30 (not Sun). Opens Tue at 7 MAKE AND BREAK by Michael Frayn, cast includes Leonard Rossiter and Prunella Scales. Special Event: This Sun at 8. INSTANT SUNSHINE.
LYRIC STUDIO: Last Week! Evgs 8 Sat 8.30. Mats Wed & Sat 2.30 DR. FAUSTUS. Cast includes James Aubrey & Patrick Magee.
Opens next Tue at 7. WOYZECK by George Büchner.

LYRIC THEATRE. CC. 01-437 3686. Group Sales 379 6061. Evgs. 8.00. Wed. 3.00. Sat. 5.00 and 8.00. RICHARD BRIERS. PAUL EDDINGTON in MIDDLE AGED SPREAD. COMEDY OF THE YEAR. WEST END THEATRE AWARDS.

MAY FAIR. S. CC 01-629 3036. Mon.-Th. 8.0. Fri., Sat. 6.0, 8.45 SUSANNAH YORK. DANIEL MASSEY. DONALD PICKERING. FRANCIS WHITE in APPEARANCES by Simon Benmussa, after Henry James.

NATIONAL THEATRE. 'S' CC 928 2252. OLIVIER (open stage): Fri. Sat 7.30 (low price prevs) OTHELLO by Shakespeare. LYTTELTON (proscenium stage): Today 3.00 (low price mat) Ton't Tomor 7.45 WHEN WE ARE MARRIED by J. B. Priestly. (Note: Last 2 perfs Thee & Me Fri & Sat 7.45—Sat Mat cancelled and extra perf When We Are Married substituted for Thee & Me Mon 17 March 7.45).
COTTESLOE (small auditorium—all tkts £3.00 Student Standby £1.20): Eugene O'Neill Season: Mon to Sat 5.30 THE ICEMAN COMETH (Lasts 5 hrs incl 30 min food-break).
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OLD VIC. 928 7616. Nimrod Theatre of Australia production THE CLUB by David Williamson. "Riotous mickey-take of life in Brian Cloughland Down Under." Ev. News. March 4-April 12. Evgs. 7.30. Sat. Mat. 2.30.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri., Sat. 6.00 and 8.40 JESUS CHRIST SUPERSTAR. Group sales 01-379 6061. LAST SIX MONTHS.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I also starring VIRGINIA McKENNA. HOTLINE 01-437 2055. Evenings 7.30. Mats. Wed. and Sat. 2.45. Some good seats available for Wednesday mats.

[illegible]

YOUNG VIC STUDIO 928 6363. Tomor 7.45 THE IMPORTANCE OF BEING IRISH.

CINEMAS

ABC 1 & 2 SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: APOCALYPSE NOW (X). Wk. & Sun. 1.15. 4.30. 7.55. 2: THE ONION FIELD (X). Wk. & Sun. 2.00. 5.00. 8.00.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: APOCALYPSE NOW (X). A 70 mm Dolby Stereo presentation. Progs. 1.30. 4.30. 7.40. 2: FINAL DAY! RISING DAMP (A). Progs. 1.05 (not Sun.). 2.45. 5.25. 8.05. 3: Dudley Moore '10' (X). Progs. 1.00 (not Sun.). 3.05. 5.40. 8.15.

[illegible]

CLUBS

[illegible]

ART GALLERIES

[illegible]

REDFERN GALLERY. NORMAN STEVENS. Paintings. Drawings. Prints. March 4-28. 20. Cork Street, London, W1. Mon-Fri 10-5.30. Sats. 10-12.30.

SANDFORD GALLERY. Covent Garden. 1, Mercer Street, Long Acre, WC2. Mon-Fri. 1-6. JOHN BRATBY RA. 30 year retrospective. 270 WORKS.

THACKERAY GALLERY, 18, Thackeray St. Kensington Sq., W8. 937 5883. SUSAN HAWKER—Paintings. Until 2 April.

WILDENSTEIN. Paintings from the Glasgow Art Gallery—a loan exhibition in aid of The National Art Collection Fund. Admission 40p. Until 29th March. Weekdays 10-5.30. Saturdays 10-12.30. 147, New Bond Street, London, W1.

THE ARTS

Television

London Pride

by CHRIS DUNKLEY

Very rarely does this column urge the watching of particular programmes, but two series have started in the last two days which are so good that it would be a pity for anybody to miss them. If at the year's end they do not both walk off with handfuls of TV awards I will eat this page. (A wager made twice before and still I don't know what pink newsprint tastes like.)

The first series is *Fox*, a 13-part anthem to London and Londoners, written by Trevor Preston, directed by Jim Goddard, and photographed by Ernest Vincze for Thames TV's subsidiary Euston Films. Fox is the name of Preston's fictional south London family headed by ex-Covent Garden porter Billy, played by Peter Vaughan, an actor who looks so natural in the role that it is hard to believe he is acting.

His wife Connie is played by Elizabeth Spriggs and they have five sons: Kenny the boxer, Joey the cab driver, Ray who runs a club, Vinny who hires scaffolding, and an ageing student named Phil who is said to be writing a book about them all. The ensemble acting is quite extraordinary. Though Preston wrote the best of the *Sweeney* scripts, and though criminals feature fairly large in the life of the Foxes, this is not another crime series. *It is the story of* a modern, urban extended family.

And if that makes it sound remarkably like lots of previous television series—*The Brothers*, for instance — two forces project it way above the normal level: its affection and its pedigree. Television inherited from the old British film industry two ways of filming British cities: handsome-historic and concrete-contemporary, and they are equally phoney as *Fox* makes you realise by showing London the way she appears to the eyes of her lovers.

Tower blocks and underpasses are here as are pretty mews and majestic bridges, but it is the Peabody Buildings, the little old caffs, and the London Board schools which exude the very scent of the city. As mini-godfather Billy strides his manor and Joey drives his cab you can *practically smell the warm dusty* air rising from the tube stations, and the sharp odour of new disinfectant and old beer surrounding the redbrick Victorian pubs which clamber ornately up Vincze's grey skies. Preston's acute ear for vigorous contemporary London slang supplies equally authentic images.

I believe that when we look back in years to come we shall identify *Fox* as one of the best items in a larger body of work which will by then be seen to have the same coherence and discreteness as the Liverpool Sound and the Ealing Comedies. At its centre will be a collection of programmes, mostly from *Thames or Euston Films, mostly* from departments headed by Verity Lambert. They will include *Budgie, Bill Brand, The Sweeney, Minder, Hazell*, probably *Rock Follies* and perhaps even *The Naked Civil Servant*.

The Fox family

Much of the work is on film, all of it is modern; all of it is urban (mostly London) and it all presents gutsy material in a laid-back style. Often under the crystal glitter of the surface there is a slightly softer centre—but never mush.

Having watched the first three episodes of *Fox* I am more impatient to see the rest than I have ever been for any series in 10 years of paid viewing.

The other compelling series is a group of four BBC 2 programmes which started last night with *In Search Of Boadicea*, continues with *In Search Of Arthur* tonight and *In Search Of Offa* tomorrow, and finishes on Friday with *In Search Of Alfred The Great*.

Thanks to the way Michael Wood has written and presented them and the way Derek Towers has directed they might best be described as archaeological thrillers. They are enormously enjoyable and informative in *their own right but they are* almost as welcome simply for being so deliberately different from the "shirtsleeves in Luxor" type of archaeology programme which is mentioned in *Offa*.

Offa, now slightly expanded, was actually the first of these programmes made by Wood, who was welcomed here last year as a refreshingly youthful successor to such presenters as Sir Mortimer Wheeler and Professors Alec Clifton Taylor and W. G. Hoskins. The welcome is repeated: Wood has that knack of communicating his own intense enthusiasm so winningly that one feels he would be quite spellbinding expressing pi to 500 decimal places. However, he will have to beware appearing too often in his programmes when he should be commenting unseen over film, and he should work now on his over-expansive gestures which get dangerously close to the arbitrariness of Edward Heath's.

That said, the rest is praise. Considering the obscurity of the chosen period, between the Roman occupation and the Norman conquest, the programmes achieve a wonderful vividness. Partly this is owing to good choice of locations and cleverly directed use of the camera, particularly in helicopter shots. Partly it is because of modern archaeological methods. But mainly it is thanks to Wood's scripts. Whether striding the English wold (in jeans and sheepskin jacket) or penetrating a university library in pursuit of an Anglo-Saxon manuscript (in his *Manuscript Suit which becomes* quite familiar as the series proceeds) his words are always apt.

Better yet he has a feel for the romance and the power of language which is pitifully rare on television. "Drive up the A5 and you're travelling along Suetonius's line of retreat," he explained in *Boadicea*. "This iron age trackway runs into the heart of Wessex," he says in tonight's *Arthur* where he describes "a sort of dark age Spaghetti Junction." At the start of *Offa* he remarks: "We of the here and now always tend to underestimate the complexity and richness of ancient societies." These programmes by Wood and Towers (a partnership which even *sounds* like an iron age fort) do help rectify that error and I urge you to watch them.

* * *

Sunday night's BBC2 schedule might be interpreted as evidence of a sudden liberalising of the channel's programme policies. It seems to be much more likely, however, that channel controller Brian Wenham decided that if one is to be hanged it might as well be for two sheep as a lamb. So with G. F. Newman's quartet of brilliantly realistic plays *Law And Order* finally starting its much deserved but long refused repeat at 10.25 Mr. Wenham filled the preceding two hours with Phillip Donnellan's *Gone For A Soldier*.

Law And Order tells a graphic, convincing, and engrossing story of a criminal underworld in which policemen and lawyers use tactics scarcely any different from those of the crooks. Its first showing enraged latterday Blimps whose opposition to a repeat would no doubt have prevailed but for the real-life embarrassment of Operation Countryman.

Blimp reaction to *Gone For A Soldier* is impossible to imagine since this scrapbook of squaddy's mementoes was even more iconoclastic, even more of a deliberate counterblast to television's normal outpouring of traditional middle class attitudes and values. Instead of honour and glory, Mr. Donnellan brought us blood and brutality; in place of the bugle and the drum, he gave us the cupped-ear drone of the unaccompanied folk singer. It was indulgently long and confusingly bitty but as a hefty makeweight in a token evening of anti-authoritarianism it could hardly have been bettered.

For Friday Night ... Saturday Morning Brian Wenham and producer Frances Whitaker deserve praise for at least having a go at new ideas. Jane Walmsley, a lady with a North American accent, made a hash of interviewing the editor of *Now!* last week, *but that did not put her* off her stride which was a pretty vigorous one, and for me, anyway, hers is an entirely fresh figure in the tired and tawdry world of chat shows. In the previous week's edition the pleasant if unexciting Tim Rice brought us concert pianist John Lill and rock keyboard wizard Rick Wakeman jamming "Somebody Stole My Girl" on twin grand pianos: a sight and sound so wondrous and bizarre as to make it well worth while staying with the proceedings until 12.50 am.

Having so recently repeated my regular condemnation of television news for its philistine obsession with inflation, wars and strikes and its shameful disregard for the arts, it is only right to record that the BBC News on March 7 included as its final item a report on the Royal Academy's Ruskin Spear exhibition. I have some suspicion about why Spear (painter of the notorious unofficial portrait of Princess Anne) was chosen rather than a dozen other notable exhibitors, and the item did appear only on the BBC2 Late News, not on the *main* BBC 1 News. Still—it is a wedge worth hammering.

London Festival Ballet

London Festival Ballet will be joined by a constellation of guests for a gala performance on Sunday evening, March 16, in aid of the Jaqueline Du Pré Fund for Multiple Sclerosis Research.

The programme will begin with *Dvorak Variations* led by Elisabetta Terabust and Patrice Bart. There follow divertissements which feature Natalya Makarova and Anthony Dowell in Robbins' *Other Dances*; Zizi Jeanmaire and Denys Ganio in a pas de deux from Roland Petit's *La Chauve Souris*; Leonid and Valentina Koslov—who quit the Bolshoy Ballet on its American tour last September—making their London debut in the *Don Quixote* pas de deux; Peter Schaufuss and Lesley Collier in MacMillan's *Sideshow*; Manola Asensio and Michael Denard (*Etoile of the Paris Opéra*) in part of *Giselle* Act 2. The programme will end with *Etudes*, with Eva Evdokimova, Jay Jolley and Peter Schaufuss.

Tickets are available from the box office of the London Coliseum, prices £5, £8, £10, £20, £30 and £40.

Doulton backs Mozart prize

The 1980 Mozart Memorial Prize has been boosted to £1,000, and a Festival Hall concert, thanks to the generosity of Royal Doulton which rescued the competition in 1978 and is retaining its commitment to this bi-annual event. The prize came about in 1962 following the failure of the Haydn/Mozart Society to raise enough money for a memorial fountain for Mozart within a few yards of the Ebury Street house where he wrote his first symphonies. The funds raised went instead towards a cash prize for the best singer or musician performing a work by the composer.

The first winner was Stephen Bishop-Kovacevich, and others have been Sheila Armstrong and Imogen Cooper. Applications are invited to the London Mozart Players, who will accompany the eventual winner at the Festival Hall. There are also runner up awards of £500 and £250, and the finals will take place at the Queen Elizabeth Hall on October 8.

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Lena Granhagen

City Theatre, Stockholm

A Doll's House

The undoubted highlight of the theatrical season in Stockholm is Jan Håkansson's often controversial but extremely popular production of Ibsen's century-old drama of woman's emancipation *A Doll's House*, *for the City Theatre*. This features the vivacious Lena Granhagen as the new woman of 19th-century Scandinavia, who first slammed the door on her family home at the Theatre Royal in Copenhagen in December 1879 and helped to set off a feminist and theatrical revolt, which sent a shock-wave around the world that can still be felt today.

Mr. Håkansson's adaptation, so called because it uses portions of Ibsen's earlier text of spring 1879, is of unusual interest. It brings to mind Ingmar Bergman's even more highly stylised productions of *Hedda Gabler*, which London saw in the 1970's in both Swedish and English. When it recently toured in Tallinn and Leningrad, the Russian audience, though not the Estonian, broke into laughter when Torvald tried to rape his wife after their ostensible reconciliation near the end. Lastly, it gave an historic performance in Copenhagen by playing in the same theatre, as that of the world première, exactly 100 years ago to the day.

Mr. Håkansson has stripped the stage (designed and lit by Akke Nordwall) of all extraneous naturalistic furniture and decoration. Unlike Magg's all-red set for Bergman, this one is all green plush and velvet. There is, as, for example, *in the attempted rape, much* surprisingly new business, that the director justifies by reference to the sub-text, and to the earlier, uncut, and no doubt much harder-hitting, version. It helps to bring out both the *socio-critical and psychological points of Ibsen's drame à thèse*.

In a line absent from the usual text, Nora confides that she has more faces than one to her friend Mrs. Linde, now touchingly taken by Agneta Ekhammar, who has replaced the stricken Jane Friedman. In an overwhelmingly affecting portrayal of Nora, at once vulnerable and unyielding, Miss Granhagen does suggest that she is playing a multiple game. She dons one mask for Leif Ahrle's overbearing Torvald, another for Christer Banck's amorous Dr. Rank, a third, grimly realistic, for Niels Dybeck's tiresome Krogstad, and yet another, tender one for her children, who figure prominently, and even speak a few lines, in a version that suggests that Ibsen's clarion call for human dignity can still shake the sensibilities deeply.

OSSIA TRILLING

New York Dance

Merce Cunningham

by DAVID VAUGHAN

At last year's Edinburgh Festival, Merce Cunningham's "Event" performances included three duets from a work in progress, which was given in its entirety for the first time during his recent season at the New York City Center. The piece is in fact called *Duets*, and its form is simplicity itself: six duets danced by six different couples; during each one there is a brief interruption by one of the other couples, and finally a coda in which all 12 dancers return to the stage and reprise their various movement motifs. Cunningham has always been a master of the duet—one thinks of the many serenely beautiful dances he made for himself and Carolyn Brown, the more disturbing, almost violent ones with Viola Farber, and, more recently, the Chinese puzzle of interlocking arms and torsos for Karole Armitage and Robert Kovich in *Fractions*.

These latest dances explore *adagio* and *allegro* partnering in a series of brilliant inventions, with here and there a sly reference to the mechanics of balletic double work. But the women are never tossed around in the kind of brutal acrobatics that disfigures the *pas de deux* in so many contemporary ballets—the piece is all dancing, of the most witty and graceful kind. The music, by the Irish drumming team of Peadar and Mel Mercier, adds to the intoxicating effect, as do Mark Lancaster's casual clothes, with their artfully co-ordinated palette of colours. Cunningham himself appears as the solicitous partner of Catherine Kerr; the others are Susan Emery and Rob Remley, Armitage and Alan Good, Meg Eginton and Chris Komar, Lise Friedman and Joseph Lennon, Louise Burns and Kovich.

Duets is the third big work that Cunningham has made since his last New York season in the autumn of 1978. *Locale* was originally made to be filmed in Cunningham's New York studio in the winter of 1979, and then transferred to the stage. Both versions were shown at the City Center.

The film contains the most dazzling choreography that has been conceived specifically for the camera since the great movies of Fred Astaire. The camera movements and the rhythm of the editing were choreographed, and meticulously rehearsed, together with the dancing, in collaboration with the film-maker Charles Atlas (who also designed the simple, elegant costumes). Also shown was a documentary, *Roamin I*, that hilariously depicts the actual filming, with the dancers scurrying and travelling out of the camera's way.

The stage version of *Locale*, which had its premiere in Paris last October, is an autonomous work of great beauty and never betrays its cinematic origins. One obvious difference is that in the film the viewpoint is that of the camera, as restlessly mobile as that of Max Ophuls as it moves around the studio, sometimes in a 360-degree sweep, finding dancers in corners, reflected in a mirror, or on a small platform at one end of the room. In the theatre the spectator is free to make his own choice of what to watch, sometimes from among simultaneous events. In some passages the dancers [illegible] series of angular, [illegible] poses; others, particularly [illegible] the strong male dancers of Cunningham's current company, call for spectacular elevation and a mercurial quality of limb and torso. Cunningham himself does not appear in *Locale*—he was behind the camera during the making of the film.

The third new dance, *Roadrunners*, commissioned by the American Dance Festival in Durham, North Carolina, last summer, is one of his comedy pieces, full of movement jokes, sight-gags, choreographic one-liners, such as Cunningham *frantically pulling on trousers*, socks, and sneakers while trying to keep out of the way of Lisa Fox as she dances around the stage; once dressed, he supports her in a side extension, folds her leg into *passé*, then, as he exits, briefly adopts a pose from Nijinsky's *L'Après-midi d'un faune*.

With one change—Neil Greenberg has replaced Jim Self—this is the company that Cunningham has had since the summer of 1978 (Komar and Kovich have been with him since the early seventies): in addition to those already mentioned, it includes Ellen Cornfield.

The dancers are well equipped, technically and intellectually, to deal with his recent choreography, which for all its complexity is classic in its clarity and rigour. Cunningham, at 60, can no longer match the younger dancers in mobility, but his commanding presence and the force of his gestures prove that had he not chosen to be a dancer, he could have been a great tragedian — or a great clown.

Theatre Upstairs

Young Writers

by ANTONY THORNCROFT

The Seventh Young Writers Festival is occupying the Theatre Upstairs at the Royal Court for the rest of this month. The idea, much favoured by the management at the Court, is to encourage play writing by the under eighteens, and a hundred and ninety plays of every style, length and subject were submitted, of which four are being produced.

The three in the first programme are *The Morning Show*, a very short item by a 15-year-old, Daniel Goldberg; *The Personal Effects* by Lucy Anderson Jones a 16-year-old from Leicester; and, running up to an hour in length, *The Arbor* by Andrea Dunbar of Bradford, now 18, but the play was written three years ago. All present a particularly gloomy and unoptimistic view of life, but that is perhaps how the world has always seemed to teenagers, at least those with literary ambitions. However, behind the depression, there is quite an appreciable jolt in seeing the teenage angst through the eyes of the combatants rather than through the memories of an established playwright ten years on, the usual procedeure. At first hand it is even more stark and uncompromising.

The Personal Effects is a very sombre drama. Should teenage girl sacrifice her "A" levels by helping to nurse dying mother at home rather than abandon her to hospital where she can receive better but less loving treatment? The writing is quite without sentimentality and the theatrical device of having the girl as two actresses, one as the resentful daughter, the other as a grown woman, also confined to a wheelchair and facing the same illness, works smoothly. The ending takes some liberties with the current legal system, but the unpretentious production by Nicholas Wright creates greater credibility than many more glossy approaches. It's *Whose life is it anyway?* without the laughs, which is how it should be.

After this *The Arbor* was quite a relief, even though it does contain a miscarriage and plenty of verbal and some physical violence. Here are random scenes from the random life of a fifteen-year-old working class girl who drifts into and out of a pregnancy. The irrational behaviour, the fluctuating moods, the essential lack of any sense of responsibility are finely caught. Max Stafford-Clark gives the production plenty of pace. Once again, no attempt is made to glamorise or to preach. These are slices off the slab of teenage life, plain and pitiful. The professional actors throw themselves into the plays with total commitment, with Kathryn Pogson affecting as the pitiable girl in both. Fortunately there is no need for them to patronise.

It is impossible to predict whether Ms Dunbar and Ms Jones will repeat this success, but they have done enough already to be proud of.

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Wednesday March 12 1980

Credit: signs of a turn

THE BANKING figures published yesterday, together with other recent economic statistics, are beginning to add up to a suggestive but not yet conclusive picture of an economy responding to monetary pressures. This degree of caution may seem absurd against a background of falling profits and competitive forecasts of disaster. However, experience has shown that an economy well adjusted to high inflation can be astonishingly resistant to pressure.

Distortions

Caution is doubly wise in any attempt to interpret the banking figures themselves, because the underlying facts are barely visible through the fog of distortions, quite largely produced by official policies. The figures show a collapse in bank lending; but since the figures cover only the clearing banks, this is certainly due in part to a large shift in business to the non-clearing banks, induced by the corset restrictions on individual banks.

A further distortion arises from the statistical treatment of certificates of tax deposit. Sales of CTD's have in the past been treated as official funding, so that when they are surrendered in payment of tax, a proportion of funding appears to come unstuck. It is on this basis that the money supply is estimated to have grown by a full percentage point. A sensible seasonal adjustment reduces this figure by half—showing that the real excess pressure was earlier in the year, when CTD holdings were rising.

However, two figures do stand out of the fog to offer guidance. First, personal lending has dropped sharply; and here the figures from the clearing banks are a safe guide, for they have the overwhelming bulk of the business. Secondly, the rapid growth in holdings of commercial bills outside the banking system has slowed down very sharply. There is no longer any strong reason to suppose that Sterling M3, the official measure of money, is understating the growth of liquidity and credit. In these circumstances, a growth of 1-1 per cent in a month does show restraint; it need only be compared to the forbidding recent figures for the rise in costs and prices to confirm that restraint is being imposed in good earnest.

Some apparent puzzles remain. The most recent retail sales figures have been flat, but not depressed, and February car sales were unexpectedly high. This simply reflects the unhappy fact that the squeeze has so far depressed corporate income sharply, but not personal income.

The new figures for central government borrowing provide a background which is at first sight forbidding. The public sector competes with private borrowers within any monetary constraint, and it is now a prime object of Government policy to reduce public credit demands, and so ease the pain imposed on the private sector. Figures which show that in the first 11 months of the financial year, the central government's own borrowing needs have risen from £6.7bn in 1979 to £8.1bn makes this task look horribly difficult.

Foreign debts

However, on closer inspection the figures are not as bad as they appear. Expenditure on supply services has been held nearly £2bn below the rise in revenue (both unexpectedly high). This significant achievement has meant that the deplorably sharp rise in the cost of debt service has been covered; the Consolidated Fund deficit would actually have fallen but for higher EEC costs.

It is the National Loans Fund which has caused the higher borrowing requirement, and partly for non-recurring reasons. Repayments of foreign currency debt by nationalised industries, and the tail end of the lag in telephone payments, are in this class. So, largely, is the swing of some £1bn in the financial position of the energy industries, the result of an exceptionally mild winter and delayed price adjustments. Only the financial needs of British Leyland, reflected in the NEB figures, are a reminder that the Government is bound to share the pain that the squeeze is imposing on industry. On the whole, then, the figures suggest that recent encouraging estimates that present policies are consistent with a relatively subdued PSBR are confirmed. The whole story offers only the most limited comfort, for the squeeze threatens to be intensely painful; but we can at least hope that no new horrors are needed to make it effective.

Controlling the councils

RHETORIC ABOUT the virtues of local autonomy does not mix easily with determination to curb the spending of local councils. The Government is discovering this to its dismay, in the committee stage of the Local Government Bill, which is now thoroughly bogged down, amidst furious opposition not only from Labour and Liberal MPs, but also from most of the Conservative Party's staunchest supporters in the local councils. The prospect of Labour members putting forward well-argued amendments which have been drafted by the deeply Conservative Association of County Councils, suggests that there are, indeed, flaws in the proposals now before Parliament.

Rate support

The key issue, on which no compromise between governments and local authorities, of all political hues, has been possible, concerns the method of allocating the national taxpayers' contribution to local authority finance—the Rate Support Grant. Currently this pays for 61 per cent of local expenditure. But the way it is set prevents the Government from influencing the spending, or rating, decisions of individual local authorities. To make matters worse, from the point of view of an administration committed to reducing public spending, the present RSG system can, in certain circumstances, actually encourage over-spending, because the assessment of each authority's "needs" is based partly on its actual spending.

If central government is to contribute almost two-thirds of the local authorities' revenue, it seems quite reasonable that it should have a say over how this money is spent. At a time when painful cuts are being imposed throughout the public sector, it may also seem reasonable that the Government should have some means of bringing local authorities which refuse to trim their spending to heel.

But the bias towards over-spending is only one of the many serious faults in the present structure of local government finance. The whole system is long overdue for reform. The Government's mistake has been to concentrate on the superficial defects in this structure which it currently finds most irksome—without showing any interest in the deeper constitutional and financial issues which any attempt at reform must inevitably raise.

The local authorities currently spend over 11 per cent of Britain's gross domestic product. But they levy only one-fifth of this sum from the domestic ratepayers who, in theory, control their activities. Commercial and industrial ratepayers, who have no votes in local elections, provide as much as domestic ratepayers and the central government makes up the rest. It is the enormous disparity between the local authorities' spending powers and the financial demands they make on their voters, which justifies scepticism about their determination to keep spending under control.

The local authorities as a whole have recently had a less profligate record than central government departments. Since 1974-75, their current spending in real terms has been almost constant. But the fact remains that rogue authorities which decided to defy the thrust of central government policy on public spending could, under the present system, do so with impunity.

Interim measure

However, any significant moves to replace national with local tax-gathering would require a complete overhaul of the local authorities' present taxing powers. Property rating would not be an adequate substitute for central government funds which are collected from income and expenditure taxes. And clearly any suggestions for local income taxes would need many years to discuss and implement. As an interim measure—seen in the light of longer-term proposals to reform the whole system of local government funding with a view to giving local authorities real independence and responsibility—the Government's present proposals to bring local spending under control might be more acceptable. But before it can demand support, the Government should indicate a willingness to tackle the deeper problems over the coming years.

Mixed reactions in Europe to Japan's car imports

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

EUROPE IS divided about Japanese car imports. The differences of opinion were apparent during the run-up to the Geneva Motor Show, which continues this week, and at the Financial Times World Motor Industry Conference which preceded it.

The French and British complained loudly about the imbalance of trade between the Common Market and Japan. The Germans on the other hand remained unruffled in spite of the rather surprising success the Japanese have had in Germany, capturing 5.6 per cent of the new car sales last year and more than 7 per cent in the first two months of 1980.

BL and the rest of the UK industry have obvious reasons to be worried. But why should the French make such a point of lambasting the Japanese? After all, Japanese penetration of the French car market went slightly into reverse last year and has never topped 3 per cent.

While motor industry executives outside France say that this is because the French Government has had a polite but firm word with the Japanese through diplomatic channels, French car manufacturers insist that there are no restrictions on trade, voluntary or otherwise.

As M. Alain de Saint-Victor, managing director of Renault UK, pointed out, Renault and Peugeot between them now have about 8,000 dealers in France, a car market roughly similar in size to the UK where BL has fewer than 2,000 dealers and Ford, the market leader, about 1,250. It is extremely difficult for any importer to dent that kind of opposition—especially when it is coupled with Gallic chauvinism.

Expulsion message

One Japanese manufacturer at Geneva recalled that a French car dealer who took on his franchise did very well. But the Frenchmen gave up selling Japanese cars when the local rotary club expelled him for bringing in the vehicles. "The poor fellow was a former chairman. He could not stand it so he dropped the agency."

And if chauvinism does not work, it seems that both Renault and Peugeot are willing to give dealers extra support when a Japanese car franchise is opened up in their area. In these circumstances the Japanese are unable to use competitive pricing to gain a foothold.

Speaking at Geneva, M. Francois Perrin-Pelletier, the former civil servant who is now chairman and chief executive of Talbot Europe, tore into the Japanese in the following terms:

"I would like to point out to Japanese manufacturers that the Americans and the Europeans will not be prepared to accept for very long the imbalance of exchange which is being established. Japan exports 100 times more cars than it imports, which seems to me completely incompatible with the harmonious development of the motor industry worldwide.

"We recognise the competitiveness of the Japanese industry, but we cannot tolerate a situation in which a devaluation of the yen of almost 30 per cent strengthens even further the commercial aggression of these manufacturers and allows them to gain strong market penetration." (M. Perrin-Pelletier was speaking at a time when the Japanese authorities were taking some action to strengthen the yen.)

"Neither can we tolerate the fact that their domestic market is protected by the twin barriers of niggling legal requirements, which make it very difficult to adapt imported vehicles to comply, and the near impossibility for foreign manufacturers of establishing a local sales network."

M. Perrin-Pelletier's words must be understood in the context of France's commitment to the motor industry. Its economy leans very heavily on Renault and Peugeot. And the reason for the French chorus of protests can be found in export rather than home sales.

In Italy, where Fiat is a major element in the country's industry, a pre-Treaty of Rome agreement keeps Japanese car imports to a minimum.

The Japanese success in Germany and elsewhere has been to some extent at the expense of the French and the Italians. Recently, the French manufacturers' association privately urged its German neighbours to protest about the current Japanese attack on the "Germanic markets"—a reference to the fact that the target countries include Austria and Switzerland as well as Germany itself.

The request was given a lukewarm response.

Germany is Japan's third-best vehicle export market after the U.S. and the UK, but growth so far has been at the expense of the Italians (Fiat), forced into third place in the importers' league last year by the aggressive policies of the Japanese and their own inability to supply the right cars in the right quantities because of industrial problems.

The French, top importers in Germany with a 10 per cent market share, have also felt the impact of the Japanese who in Germany have attacked along a broad front. Unlike in the UK, where Datsun has led the fight, in Germany Toyota, Mazda, Datsun, Honda, Mitsubishi and Daihatsu (in order of sales volume) are active on the market.

There are doubts among German manufacturers about whether the Japanese market share can ever go much beyond the 8 per cent level. To do this the Japanese would have to erode the positions of the German producers and this would involve a radical, if not improbable, shift in customer attitudes.

In the UK—now that the Japanese have voluntarily restricted car shipments—Renault is dashing ahead of Datsun this year as the leading "traditional" importer — as distinct from those multinationals with British operations which bring in "tied" or "captive" imports.

But at Geneva, Mr. Ray Horrocks, managing director of BL Cars, concentrated his remarks on the Japanese. He maintained that the Anglo-Japanese co-operation represented by BL's joint venture with Honda did not mean that "we feel able to stand aside when our industry is threatened through unfair trading."

Mr. Horrocks insisted that "Japanese imports have been clearly limited in other EEC countries by various means while the UK has been very reluctant to impose similar methods of regulation. We've been playing cricket while others have been playing more effective games."

The Germans seem in no mood to support the French or British attitude. Herr Werner Schmidt, world sales director for VAG, the Volkswagen-Audi group which dominates the German industry in volume terms at least, was very outspoken on the issue.

He pointed out that Volkswagen sold 22,000 Golf cars last year in Japan, representing 45 per cent of total car imports to that country.

Herr Schmidt admitted that the technical tests cars had to undergo to qualify for use in Japan—the so-called type approval tests—were tedious and expensive. But Japan had no tariff barriers on cars, compared with 11 per cent in the Common Market and it was a profitable market for Volkswagen.

"We Europeans are much less willing to adapt to Japanese ways than the Japanese to European ways."

Ironically, some German companies are worried about the current intensity of anti-Japanese feeling in the industry but mainly because of what might happen in the U.S.

During the early days of the Geneva show the news came through that importers to the U.S. in February had taken 27 per cent of new car sales at a time when 200,000 car workers were laid off indefinitely.

Protectionism warning

Herr Hans-Erdmann Schoenbeck, BMW's sales director, said the indications were that the U.S. authorities did not want to restrict imports and, indeed, the latest pronouncements from the U.S. industry's leaders have been against protectionism. However, "one emotional event could change the political balance." commented Herr Schoenbeck.

But if U.S. import controls were aimed only at the major car importers—that is the Japanese—the European manufacturers might not be affected.

That could be achieved by allowing a certain number of vehicles to be imported without restriction. There are precedents for this approach. Manufacturers with sales of under 10,000 cars a year escape the stringent U.S. fuel economy regulations, for example.

For the time being, however, the U.S. industry and the Union of Auto Workers are concentrating on persuading the two major Japanese companies, Toyota and Nissan, to set up production facilities in the U.S. rather than on calling for barriers to imports.

But Toyota and Nissan are showing little interest in setting up in the U.S.

Significantly, the Europeans are also split on the subject of Japanese assembly in their markets. BL, of course, has its deal with Honda to produce the Bounty, a car to be made in the UK from Japanese designs and with a Japanese engine and transmission. In Italy Alfa Romeo is well on the way to concluding a similar arrangement with Nissan. But the French have severely criticised the BL-Honda deal, while Fiat has been searching for ways to deflect its competitor from seeking a Japanese link.

Joint ventures in Europe make more sense for the Japanese than setting up new facilities. No one model sells in enough numbers to be produced economically in Europe. (The use of so-called "thinking robots" may well change that, however, because they give a plant more flexibility to switch output from one model to another.)

Moreover there is already overcapacity in Europe. BMW's estimate is that by 1985 West Europe will be capable of producing 1.3m more cars than it needs.

That capacity, however, is not necessarily in the right place or of the right quality, which explains why General Motors is building new assembly and component plants in Spain and Austria and why Ford of Europe is still interested in setting up a new assembly facility if it can get the right kind of grants or other financial assistance.

Until now the Japanese have concentrated virtually all their production in Japan. Critics suggest that the two big Japanese companies in particular, usually instal new capacity first and see where they can find markets for the extra cars later. Between them, Toyota and Nissan will spend $1.5bn this year and increase capacity by 500,000 cars by early next year.

There is also pressure from the smaller Japanese companies to increase capacity. With a total of nine manufacturers, Japan has the least concentrated and most competitive motor industry of any of the leading countries. M. Perrin-Pelletier says "Japanese production, under the pressure from the small manufacturers who are eager to achieve critical volumes, must continue to increase. It could increase from 9m to 11m vehicles during the period 1978-1982.

"Whereas European manufacturers are conscious of the risks of excess capacity, this is clearly not the case with the Japanese manufacturers."

There are at last signs that Toyota and Nissan are ready to move away from home base. In January Nissan acquired 36 per cent of Motor Iberica from Massey-Ferguson. Iberica is mainly a producer of agricultural equipment, light trucks and vans but Nissan says it will also be used as a European base for car production. Toyota has, it is believed, also been looking at Spain as a potential European assembly point.

Fiat-Renault setback

The two companies which stand to lose most from the Japanese entry into Spain are Fiat, which is in the process of taking control of Seat, for many years the major car producer in that country, and Renault, which took over as market leader last year and hoped in five years to have consolidated its position.

It was, therefore, not surprising that the French gave warnings to the Spanish Government about possible complications in the negotiations for Spain's entry to the European Community arising from the Nissan deal.

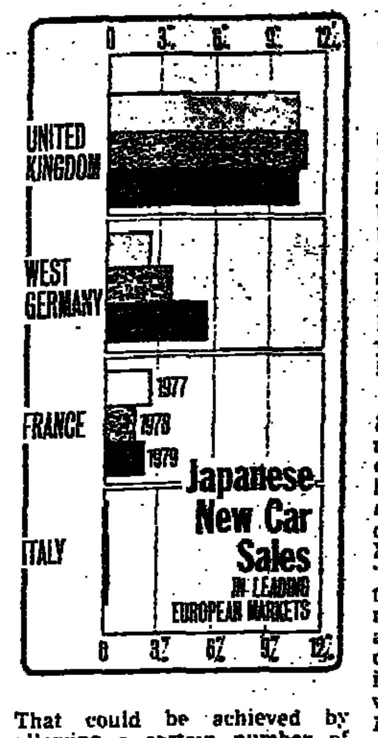
Yet there are many in the industry who believe the Japanese should be encouraged to set up car plants in Europe where they would face the same productivity, labour relations, inflation and cost problems that local manufacturers encounter. "In those circumstances, I would be surprised if the Japanese remained so highly competitive" is the way one senior French executive summed it up. This, of course, is precisely the reason why the Japanese companies are so cautious about investing outside Japan.

JAPANESE MOTOR VEHICLE SHIPMENTS 1979

Selected markets

DESTINATION	PASSENGER CARS	TRUCKS	BUSES	TOTAL 1979	TOTAL 1978
Denmark	26,954	3,886	—	30,840	21,778
Britain	175,739	37,517	1	213,257	168,880
Ireland	27,032	4,715	94	31,841	32,363
Netherlands	94,075	5,674	109	99,858	125,133
Belgium	81,324	7,868	153	89,345	81,198
France	47,557	9,155	—	56,712	38,178
W. Germany	175,935	8,405	—	184,340	123,371
Italy	1,600	830	—	2,430	1,832
Norway	23,408	3,219	—	26,627	12,112
Sweden	26,222	2,716	—	28,938	17,061
Switzerland	45,461	8,420	47	53,928	40,842
Finland	26,716	4,445	1	31,162	15,739
Austria	32,064	1,425	255	33,744	12,371
Greece	15,718	33,994	74	49,786	39,094
Canada	60,904	12,696	—	73,600	137,016
U.S.	1,546,740	525,926	—	2,072,666	1,892,537

Source: Japanese Automobile Manufacturers Assoc.



MEN AND MATTERS

Tying up some loose ends

Can British Steel be a few steps closer to selling off its two non-steel-making subsidiaries? Clearly Sir Charles Villiers has other things on his mind just now, but the question is prompted by a 19-word message—including initials—on the ticker-tape yesterday. It reads: "Bridon. Mr. R. Scholey has been appointed a director. Mr. D. G. S. Waterstone has resigned from the board."

The R. Scholey in question is indeed "Black Bob," BSC's chief executive. Ex-diplomat David Waterstone is the 44-year-old BSC main board director consigned, in the reshuffle of 1977, to the backwater of running RDL and BSC Chemicals. It is a reasonable guess that this high-flyer is relinquishing his role at the private wire-making firm of Bridon (of which BSC owns a stake of just under 10 per cent) as a preliminary to departing the BSC nest altogether.

As I predicted last April, the Tories have been keen to hive off these companies; and Waterstone has indicated his intention of staying put if RDL or BSC Chemicals parted company with their parent.

Both have been on the market for several months. BSC Chemicals recorded a respectable £12m profit last year. RDL, still the biggest steel construction firm in Europe, is "in a turn-round situation," as they say in the trade: Waterstone has injected new life into it by exploiting the requirements of the North Sea oil industry, and recently landed a contract to build an oil platform in Brazil.

But selling either company, which has proved difficult enough without a strike intervening, is felt to be a political hot potato while the strike is going on.

Although hiving-off is a well-established part of the Tory creed, it will unfortunately prove no panacea for BSC once the strike is over. Together RDL and BSC Chemicals will probably fetch between £30m and £60m—enough, maybe, to cover a fortnight of its current losses.

"How about a whip round for their strike fund?"

Velvet lady

Mrs. Thatcher may not have won over many French viewers to Britain's cause in the EEC during her interview with French TV, but she won a lot of marks for the way she tried.

The consensus in the Paris Press was that her manner was more palatable than her arguments. The conservative Le Figaro said she offered "nothing new, be it on Europe, the Middle East or Afghanistan," and the even more conservative evening business paper Le Nouveau Journal attacked her for "intransigence." Mrs. T had good reason to argue forcibly, it said, because Britain's case was "the very worst."

But the Thatcher smile worked wonders, if only because it gave French commentators the opportunity to scrap the "Iron Lady" cliché with which they have been boring each other for the past year. Le Quotidien de Paris opted for "Uranium Lady" because of her "remarkable radiation." Beside her, it said, most of France's leaders were like lead.

Le Monde, more tongue-in-cheek, chose "Velvet Lady." Her indignation over Britain's EEC budget contribution and other issues was measured and polite, it said, perhaps excessively so. "She thought herself obliged to be charming, to seduce, literally, her Downing Street guests." As for the interviewers, "they wriggled in contentment. They are not used to it. Imagine Messieurs Callaghan, Schmidt or Strauss turning on those winks, those roguish, saucy bewitching smiles for their benefit. It would be staggering."

Bust in fun

The rough and tumble of commercial life proved too much for an uncomfortably large proportion of the teams entered in Britain's first inter-university business games contest. Of the 200-odd "companies" entered, 40 have gone to the wall since October and 11 others have been declared insolvent by the organisers, City accountants Deloitte Haskins and Sells. Only 72 completed the heats without being "fined" for unprofessional activities.

"The most common failing," the firm says in its pre-finals assessment, "was inefficient cash management—at one stage 47 companies were sitting on over £1m of inactive cash.

So far no real stars have emerged, but that should change at the finals next month when the five top scorers (all redbrick universities and including an Irish team from Cork) battle it out under increased pressure.

Strongly fancied after the early rounds is Sheffield's Sunshine Desserts, which produced an annual rate of return of more than 17 per cent. But it came only a whisker ahead of More Crooks Ltd. and Fast Buck Inc. I am assured, however, that there is nothing in a name. "Surprisingly," says Deloitte's umpire Ian Marrian. "I did not detect any criminal minds at work. Everyone seems basically honest."

Broadside

Readers enthralled by the game of hide-and-seek being played in the lobby of British Shipbuilders the other evening will no doubt be keen to hear of the dénouement. We left the chairman of Bristol Channel Ship Repairers, Christopher Bailey, bristling with frustration and staging a sit-in after being denied access to BS chairman, Admiral Griffin. Bailey sat fuming with an offer to buy the Falmouth repair arm of BS in his pocket, as the Admiral sent "no deal" signals down in the lift.

While several directors escaped through the back door, Bailey tells me the Admiral himself eventually descended into broadside range. "Hello Christopher," he ventured with admirable aplomb. "I didn't know you were here."

But the pugnacious Bailey's dander was and remains well and truly up. More fireworks can be expected from this devout opponent of all things nationalised, including, I hear, a call to the Government for a clear-out at the top of British Shipbuilders.

Would Bailey himself enlist for the job on the bridge? "Only on the strictest conditions," he says, "the main one being that politicians should keep their backsides out of it. But any businessman with any sense can see what is wrong. A company losing £100m simply cannot afford the extravagances I have seen.

"I could reduce that loss by half in a matter of months," he booms, "and I'd start by cutting out the chauffeurs, private planes, personal assistants, secretaries to secretaries, new cars and new carpets."

Observer

A new world oil power: By HUGH O'SHAUGHNESSY

Mexico: the reluctant giant

WHAT PRESIDENT Jose Lopez Portillo of Mexico decides to say about the future of Mexican oil next Tuesday will be of interest to oil consumers round the world. Even if he says nothing his silence will be at least as intriguing.

The day is the anniversary of the nationalisation of the country's oil industry in 1938 and the birthday of Petroleos Mexicanos (Pemex), the State oil concern then set up to take over the assets of the predominantly U.S. and British companies. It is a day on which the Mexican Head of State traditionally makes a policy statement on oil. As Mexico becomes an increasingly important producer of oil such policy statements gain currency far outside its borders.

The predominant issue in the industry now is whether Mexico is to breach its self-imposed production ceiling of 2.25m barrels a day of oil—of which about 1.1m barrels are used domestically—and move up to output levels of 4m b/d. That is now within Mexico's grasp and would make it one of the world's top exporters, on a par with Iran and dwarfed only by Saudi Arabia. Were the decision to go in favour of pushing up production it would relieve pressure on the international oil market and come as a particular relief to the U.S., Mexico's neighbour and largest customer.

In a formal sense there is no need for President Lopez Portillo to say anything about oil production next week. When he started his six-year term of office in December 1976 he announced that he would use the country's rapidly growing known reserves with prudence. The output ceiling he announced was expected to be reached not long before his six years in office were up.

At that time few could forecast that Mexico's reserves would be immeasurably increased and its potential production capacity greatly expanded. Even as these facts did emerge over the past two years, the President stuck to his guns. There was no need for the wells to be drained of any more oil than had been announced, he repeated.

Were production to be increased rapidly, he argued, Mexico could be in danger of "financial indigestion." In an interview in mid-December before the price rises which followed the meeting of OPEC in Caracas, the President said that the 2.25m b/d ceiling would be adhered to. The only possibility he foresaw of it being breached was in the unlikely event of a world agreement being worked out for the production and consumption of oil. Mexico, he said, would be doing itself no good by responding to demands from individual importers for more of its oil.

Expectations

There is little doubt about whom the President was mainly referring to when he mentioned demands from individual importers. Since he took office and particularly since the announcement that at the end of 1978 proven reserves totalled 40,194m barrels, probable reserves 44,612m barrels and potential reserves, including these two amounts, 200bn barrels, the U.S. has been seeing Mexico as a close, reliable answer to the supply difficulties it has been encountering in the Middle East.

The expectations of intelligent laymen in the U.S. and of some sections of the U.S. oil industry have been raised by proposals such as have been mooted in the U.S. Congress under which the U.S. would join with Canada and Mexico in a North American Common Market. Under such proposals goods would flow unimpeded into and out of the U.S. and the U.S. would be able to count on Mexico's and Canadian energy supplies. This is a proposal which has met with little love either in Mexico City or in Ottawa.

As the political situation in the Middle East becomes increasingly complex and fraught with danger the attraction of Mexican oil grows rapidly. Another reason is that Mexico does not belong to OPEC, and shows no signs of applying for membership.

American expectations have been further raised by leaks from the Mexican oil industry suggesting that it could produce much more oil much more quickly.

The pressure from the U.S. for more Mexican oil coincides with the desire of Petroleos Mexicanos and its powerful and ambitious director-general, Sr. Jorge Diaz Serrano, to win his spurs and preside over one of the biggest production operations in the history of oil.

The pride which Sr. Diaz Serrano takes in his organisation is well reflected in his description of Pemex, given last year. "We are," he said, "at an operative technical level comparable with that of any oil company in the world; we possess efficient technological capacity and human and technical resources in order to increase production without the help of foreign corporations thus keeping safe the features of a people's enterprise, operated by Mexicans and able to attain the goals and objectives that the interest of the nation may demand."

Sr. Jorge Diaz Serrano, director-general of Pemex: a force for expansion

President Jose Lopez Portillo: he is putting on the brakes

Hopeful

Today Sr. Diaz Serrano, having recovered from much of the criticism of the circumstances surrounding the blow-out at the Ixtoc well in the Gulf of Campeche and perhaps harbouring hopes one day of becoming President of Mexico, is a powerful force for expansion in the oil sector.

Equally determined forces are ranged against the siren calls from the big northern neighbour and the expansionism of Sr. Diaz Serrano and Pemex. No Mexican President in recent times has won popularity by doing favours for Washington. Mexicans have long historical memories which still encompass, for instance, the Treaty of Guadalupe Hidalgo in 1848. Under that pact Mexico lost half its territory, land which now makes up California, Texas, Arizona, New Mexico and parts of other U.S. states, in exchange for $15m.

The last U.S. military intervention in Mexico occurred as recently as 1917. When Sr. Lopez Portillo embarrassed Washington a few weeks ago by refusing to allow the Shah of Iran back into the country after he had been to hospital in the U.S., the President was doing no more than Mexican nationalism demanded of him. The fact that increased oil production would benefit the U.S., which already takes more than three-quarters of Mexico's energy exports, would in Mexico be a prima facie reason for opposing it.

But there are more important reasons than that for going slow. "No one here wants to go the way Venezuela went," one senior Mexican official commented to me. Mexicans look upon Venezuela as a country where most industry has been blighted and the economy skewed by excessive reliance on selling oil. With a population of about 70m, five times that of Venezuela, and social problems that dwarf Venezuela's, the Mexican economy has to provide hundreds of thousands of new jobs every year if it is to avoid major unrest.

Oil is seen as one of the factors pushing up inflation in Mexico and limiting the prospects of developing a manufacturing sector competitive on international markets. In a country which until 1976 had been used to a stable currency, the possibility of an oil-fuelled inflation pushing prices up by perhaps 30 per cent this year is alarming. It is even more alarming when politicians realise that even in the best of circumstances there will be a rush of organised labour this year to recuperate the buying power lost by the fall of real wages over the past two years.

There is alarm about the prospect that an expansion of the oil industry will make worse those bottlenecks in the economy which are already helping to push prices up. The railways and ports are in dire need of modernisation; middle management is in short supply and so is skilled and semi-skilled labour—which in Mexico includes those who know how to hold a screwdriver.

Too precipitate an expansion of oil production over and above the 8 per cent which Mexico notched up last year and is expected to repeat in the near future could transform these problem areas into disaster areas.

New income has pushed the Government budget into surplus. Last year income came to $1.79bn against expenditure of $1.5bn. There are many who say that the Government has not yet made its mind up about how to spend the windfall profits which accrued to it as a result of the December OPEC price increase. It does not seem anxious prematurely to repay its foreign debt—of some $22bn.

More money is hardly needed for imports which last year rose by all but 50 per cent. Foreign investment of $1.4bn is expected during this year and as the Mexico City stock market is progressively opened to foreign investors, this figure could well rise. There are more than ample funds for as fast a rate of growth in the Mexican industrial sector as the bottlenecks in the economy will allow.

In addition many Mexicans in government, led perhaps by Sr. Jose Andres de Oteyza, Minister of Industry, see little sense in selling stocks of oil the money value of which is appreciating.

Despite the fact that bilateral relations between Mexico and the U.S. have been badly handled by both sides, Mexico is fortunate that there are some influential figures in the State Department—if not in other departments of government—who understand the Mexican dilemma. They are arguing that the Mexicans should be allowed to make their own decision about oil production without too much jostling from Washington.

Realisation

U.S. officials on the spot appear to realise that their country's long-term interests are better served by an economically stable Mexico than by a Mexico which is shipping 1m barrels more of oil a day to the world's markets at the risk of economic chaos and social unrest.

Nevertheless while President Lopez Portillo's closest associates hint that there will be no increase of oil production once the 2.25m b/d ceiling is reached sometime in mid-year, they also add that a final decision has not been made. Some foreign observers feel that in a very informal and unannounced way production will be allowed to creep up gently perhaps in the course of next year, thus giving neither the expansionists, nor the conservationists too much cause for complaint. And that solution would be consonant with the infinite subtlety of Mexico's politics.

Letters to the Editor

Dereliction in dockland

From the London and Home Counties Regional Secretary, Transport and General Workers' Union

Sir,—We expect your paper to support the creative potential of private enterprise. We cannot, however, let pass your editorial suggestion (February 27) that the private sector needs only to be set free in London's docklands for the area to thrive again. After all, it has been the progressive desertion of docklands by private firms—the Port of London Authority included—which led to the area's dereliction and its high unemployment.

As a consequence, the painstaking job of modernising the area's infrastructure and its economy has been left almost entirely to the public sector. Their approach incorporated in the London docklands strategic plan won the support of a very broad range of local groups, trade unions and commercial interests. Indeed, so successful was it, that it became the model for the Labour Government's inner city policy.

The task of docklands development was delayed, not by your wholly mythical obstructive and conservative local groups, but by lack of powers especially to acquire land by a shortage of public finance, and by the continuing failure of the private sector to make any substantial financial commitment to the scheme.

The area has also been blighted by the confused and short-sighted strategy of the PLA. Its determination to abandon all the upper docks appears ever more extraordinary. The benefits of dock facilities at the centre of a country's largest industrial and consumer market will grow as oil prices rocket and as the financial and environmental costs of road building to the proliferating small coastal ports become more evident. The highly successful up-river ports in Germany, France and Belgium illustrate how one-dimensional and backward is the PLA's vision of the future.

The answer to dockland's problems does not then lie in a wholly new agency with no experience and no responsibility to local people. We predict that it will succeed only in selling one or two speculative projects to the most attractive parts of docklands at enormous public cost. What docklands needs is a strengthened docklands joint committee with more money, more powers to acquire land and, above all, greater muscle to develop industry; that's why we have suggested a strong industrial development board working within the planning frameworks set by the docklands joint committee.

Its primary aim would be to ensure that surplus land in the docks and elsewhere is developed for industry, as much a vital need for docklands as it is for the country generally.

S. Staden.
218, Green Lanes, Finsbury Park, N4.

Non-executive directors

From the Director of External Relations, Institute of Directors

Sir,—I have followed with interest the correspondence in your columns on the subject of non-executive directors.

The non-executive director is the company's own, in-house, strategic management consultant with a continuing relationship with the company, enabling him to see a programme through from initial diagnosis to implementation of policy. It is his presence on the board which will encourage, indeed force, executive directors to act as directors when they sit in board meetings, rather than as managers.

The ideal non-executive director is successfully operating at executive level within a non-competing company. He brings that experience to his non-executive appointment. He is more likely to take a detached approach to boardroom issues, and because he does not—and should not—depend upon the appointment for his livelihood, he is more likely to be able to express an independent opinion.

Research shows that 25 to 30 per cent of the average board are non-executive directors. Because we believe that the contribution of the non-executive director is vital, we are inclined to think that the proportion should be greater. But it is more important to recognise and exploit the contribution of the non-executive director than to argue how many there should be.

For this reason, the institute is announcing a major initiative, aimed at increasing the number and effectiveness of non-executive directors on the boards of British companies, with the formation of a new appointments service jointly with a leading British management consultancy.

My colleague at the CBI, Edward James, is right to stress (March 10) the important role to be played by consultants in the search for suitable candidates. In choosing a non-executive director, it is vital: that the particular needs of the company are examined; that the qualifications of candidates are matched with those needs, and that candidates are selected from a wider field than those known to chairmen or other members of the board.

In the boardrooms of British companies, there is a vast residue of full-time executive talent amongst directors who should be encouraged to take up non-executive director appointments. This would benefit a director's present company, the recipient company and the executive himself.

E. A. Tucker.
116 Pall Mall, SW1.

Looking at inflation

From Mr. E. de Bono.

Sir,—In Argentina they talk easily about inflation rates of 12 per cent—they refer, of course, to the rate per month. Savings are indexed as they are in Israel. With an inflation rate of 18 per cent per annum the interest rate on savings would also be 18 per cent. Yet similar figures for inflation rates and interest rates in the UK and U.S. are held to be part of a credit squeeze according to monetarist doctrine. So on the one hand the rates are institutionalising inflation (as indexation is supposed to do) and on the other hand almost similar rates are choking off inflation. Obviously it must all depend on how you look at it and what you expect to happen. Which really means that today economics are about 40 per cent economics and 60 per cent psychology with neither speciality trained to cope with the other aspect. Why do savings rates rise in most countries at the onset of inflation but fall in the U.S. to the present very low rate of 3.3 per cent of income?

Perhaps we should create a new speciality of psycho-economics to supplement the poverty of ideas on such matters as inflation. Perhaps we should regard money not as energy (transfer, storage, flow according to "market" gradients) but as information which has quite other characteristics.

Perhaps we should simply set up a commission to enquire into all aspects of inflation. I would envisage such a commission as having a much wider membership than economists. We may also need to look at the "operables" in a situation instead of just thinking in terms of cause and effect

Edward de Bono,
Centre for the Study of Thinking,
11 Warkworth Street, Cambridge.

Charges on bid bonds

From the Managing Director, Furness-Houlder (Commercial Services)

Sir,—I was interested to read your Amsterdam correspondent's dispatch (March 6) regarding Saudi Arabia, particularly his reference to "heavy interest charges on bid bonds."

The suggestion that contractors are weighed down by the cost of providing bid and/or tender bonds is, in my view, a specious red herring. If an organisation cannot afford the very reasonable amounts charged for bid bonds, I do not think that they should be in the export market at all—I know from personal experience that this type of bond is looked upon as a loss leader, and certainly the expenses incurred by the banks and insurance companies operating in these specialised spheres inevitably outweigh the sums passed on to the client. In fact I know of a number of sources which do not make any charges whatsoever.

R. H. Nye.
52, Leadenhall Street, EC3.

Aid for UK computers

From Mr. B. Panton

Sir,—While the arguments being put forward (March 6) by Mr. Philip Chappell, chairman of International Computers, and his managing director, Dr. Chris Wilson, for more Government aid to the British computer industry do hold the valid premise that our industry would be at a disadvantage against foreign competitors if Government were not to support the industry by either funds or favour, it should not be concluded that support for the larger companies, such as ICL, would necessarily be of value.

ICL does need help with its research and development costs and, being the only British-owned mainframe manufacturer, assistance towards its development of equipment could well be said to have possibilities of benefit for the nation.

When it comes to software, however, the case for assistance to ICL is not strong and can be said to lack merit.

British houses have a good record of producing software, but in the main they produce for use on IBM and other American-owned manufacturers, and so enhance the competitive edge of these manufacturers.

Were ICL to be required, as a condition of Government support in the development of its computer equipment, to provide the software houses with the detailed specification that IBM (be it under the force of U.S. Anti-trust laws) provides, the result for Britain could well be the earlier availability of the powerful machines ICL has under development plus, from the software houses, an abundance of high-quality software.

If ICL, in the interests of securing for itself all revenue from software sales, rejects this possibility, it would not be unjust to conclude that its appeals for Government funds and favour should be judged as if they were in the interest of ICL alone and not of the British computer industry in general.

Bernard Panton.
Telecomputing,
Seacourt Tower, West Way, Oxford.

Channel links

From the Executive Chairman, P & O Ferries

Sir,—With reference to Mrs. A. Keith's letter (March 6) headed "Channel link" it would appear to me that Mrs. Keith has not been travelling via Dover recently.

My company offers departures every even hour every day for nearly the whole year. Thus combined with our competitors Mrs. Keith could simply go into the terminal in Dover eastern docks 350 times out of the 365/366 days of each year (peak weekends may be a bit tricky!) and within 30/90 minutes be away to Boulogne or other ports.

Ships are much more flexible than tunnels and would be less prone to terrorist activity or accidental blocking of the route. Strikes can be common to both and do from time to time affect other services.

Ferry frequency is with us now and I hope Mrs. Keith will take advantage of the availability to either book beforehand or just arrive in the terminal as she chooses.

Ian Churcher.
Beaufort House, St. Botolph Street, EC3.

Oil-sharing plans

From Mr. G. Greenhalgh.

Sir,—The account of the International Energy Agency fake oil crisis to test the emergency oil-sharing plans (March 3) refers to the application made by Sweden last year for assistance under this scheme. But at that time the Swedish Government, as a sop to public opinion, refused to allow the start-up of two completed nuclear power stations — and these stations are still standing idle. Yet the energy output from these stations would be equivalent to the 7 per cent of Swedish oil supplies, the quantity required to trigger the oil-sharing aid.

The Swedish people will vote in a referendum on March 23 to decide whether to continue their nuclear programme, which at present provides about 20 per cent of the country's electricity, or abandon it. If the latter course prevails, the Swedish need for oil imports will rise steeply at a time of increasing world-wide oil shortage.

It could then be argued that the voluntary renunciation of an assured energy supply would undermine the basis of the IEA support scheme. When the real oil crisis comes why should those countries that have had the foresight to utilise all available energy resources share out their limited supplies of oil to appease the Swedish anti-nuclear conscience? To the appeal of the foolish virgins "give us of your oil for our lamps are gone out" the wise replied: "Not so; lest there be not enough for us and you." Should not the IEA make clear its policy on this point, to the Swedish Government before the referendum takes place? Sweden must determine its own energy future but the IEA has a duty to ensure that the consequences cause the minimum of harm to other IEA members.

Geoffrey Greenhalgh.
Down Park House, Crawley Down, Sussex.

Trade promotion in Japan

From the Head of Information, Department of Trade

Sir,—May I comment on two impressions which might have been given by Charles Smith's article (March 3) entitled "Cut-back in British export promotion to Japan."

The move of the British export marketing centre to new premises in Tokyo does not imply a lessening of official support. A full programme of exhibitions of a wide range of British goods will continue to be supported by the British Overseas Trade Board (one a month is planned for the next 12 months) and the new centre will provide, as before, facilities for visiting British businessmen and for private exhibitions by companies. The World Import Mart where the new centre will be located from September 1 already houses American and Canadian exhibitions and other Governments are likely to follow suit. We will be providing exhibition and ancillary facilities at least as attractive as before, at less cost to the British taxpayer.

The second point which needs correction is that the exports to Japan unit of the Department of Trade is being "phased out." On the contrary, the unit is alive and well and will continue to offer detailed, expert advice to British firms on the Japanese market. The unit is still staffed by officials with extensive personal knowledge and experience of the Japanese market and language.

Of course, the large imbalance in the UK's bilateral trade with Japan could be reduced if more British firms were prepared to invest time and effort to the study of this undoubtedly difficult market and its unusual trading methods. The record of UK export growth to Japan compares well with growth in other markets and enough British firms have been successful in the market to encourage others who have not yet considered it to do so now with the help that we can provide.

Michael Garrod.
1, Victoria Street, SW1

Today's Events

GENERAL

UK: Mr. Peter Walker, Agriculture Minister, addresses one-day conference on Britain in the 80s, Newbury.

TUC women's conference opens, Brighton (to March 14).

The Queen inaugurates Japan Style exhibition, Victoria and Albert Museum, London.

Overseas: Lord Carrington, Foreign Secretary, starts visit to Romania (to March 14).

World retail banking conference, Monte Carlo.

European Parliament in session, Strasbourg.

British medical exhibition and seminar opens, Peking (to March 22).

PARLIAMENTARY BUSINESS

House of Commons: Consolidated Fund.

House of Lords: Debate on Report of the Independent Commission on International Development Issues. Short debate on residential homes and care for the elderly.

Select Committee: Education (Room 6, 9.30 am); Foreign Affairs (Room 15, 10.45 am); Industry and Trade (Room 16, 10.30 am); Energy (Room 8, 10.45 am); Employment (Room 15, 3.30 pm); and Public Accounts (Room 16, 4.30 pm).

COMPANY MEETINGS

Bakers Household Stores, Queens Hotel, City Square, Leeds, 12. Homfray, The Post House, Queens Drive, Ossett, West Yorkshire, 12. A. Kershaw, 38 South Street, W, 10.30. Lookers, Lancashire County Cricket Club, Talbot Road, Stretford, Manchester, 12. Rank Organisation, Royal Lancaster Hotel, Lancaster Terrace, Hyde Park, W, 12. R. Smallshaw (Knitwear), Druid Street, Hinckley, Leicester, 12. United States and General Trust, Bucklersbury House, 11, Wallbrook, EC, 2.30. Westminster Properties, Abercorn Rooms, Bishopsgate, EC, 11.30.

Sedgwick makes £47m: meets dividend forecast

PROFITS before tax of the combined Sedgwick Forbes Bland Payne Group for 1979 amounted to £47.4m but as expected, the result is lower than the total profits of the two former groups in the previous year.

Mr. Neil Mills, chairman, says in his annual report that much of the insurance broking income is earned in U.S. dollars and he estimates that pre-tax profits might have been some £5m higher if sterling had not increased during the year.

As forecast following the merger last February of Sedgwick Forbes and Bland Payne insurance groups, the directors are recommending a final dividend of 3p to make a 5p total against an equivalent 2.68p. Stated earnings per share are 11.4p compared with an adjusted 10.7p—earnings per share for the former Sedgwick Forbes shareholders in 1978 were 9.325p.

Profits for 1979 represent group results for 12 months to December 31, while 1978 results are for Sedgwick Forbes for the year to December 31 and Bland Payne for the year to September 30. Bland Payne results from October 1, 1978, to December 31, 1978, have been taken to reserves.

Brokerage income suffered during 1979 because insurance rates were lower and because of the overall effect so far of the general realignment of links between UK and U.S. insurance broking groups. Higher interest rates however partly compensated for these reductions, the chairman says.

At the AGM on April 3, shareholders will be asked to approve a change of name to Sedgwick Group.

Exploratory discussions are already taking place between the group and Alexander and Alexander Services Inc with a view to the co-ordination of their worldwide business.

Any arrangement is likely to require action by certain governmental bodies. In addition, it must be subject to the approval of the Committee of Lloyd's, whose policy on the regulation of Lloyd's insurance brokers is to be reviewed in the light of the recommendations of the Fisher Committee after it has reported in April.

Mr. Mills states that the continuing strength of sterling against foreign currencies and over-capacity in world insurance markets makes it difficult to forecast the group's revenue for the current year. However, profits for 1980 should further reflect the beneficial impact of the merger on expenses.

	Year 1979 £000	1978 £000
Revenue†	129,786	124,142
Expenses†	85,601	74,766
Profit	44,185	49,376
Insurance profit	3,280	1,539
Profit before tax	47,465	50,915
Tax	23,300	27,374
Net profit	24,165	23,541
Minorities	119	156
Extraord. debits	343	—
Dividends	10,538	—
Retained	12,665	—

† Excluding insurance companies

See Lex

HIGHLIGHTS

Lex looks at the Februrary banking figures which show that Sterling M3 is still growing above the Government's target range but suggests that the growth in bank lending is slowly decelerating. Elsewhere Britain's biggest insurance brokers, Sedgwick Forbes Bland Payne, has announced a small decline in profits because of unfavourable currency trends and overcapacity in the market. Cement Roadstone, the big Irish building materials group, is continuing to enjoy buoyant growth and finally Lex looks at the bid for Viking Oil with Denimex outbid by Sun Company. On the inside pages there are comments on Bibby, Pentos Ductile and Johnson Group. Two companies have gone into liquidation, Sanger and Fertleman, and Reed is bidding for London and Provincial Poster.

Buoyant Bibby boosts payment as profits soar

SECOND-HALF pre-tax profits of J. Bibby and Sons improved from £4.68m to £5.68m and resulted in a record figure for the fourth year in succession. In the year to December 29, 1979, profits rose 15.5 per cent from £8.4m to £9.71m from turnover 12.6 per cent higher at £188m.

The final dividend is increased from an adjusted 2.24p to 4.25p making the total 6.25p (3.2644p).

After providing for tax and extraordinary items, attributable profits of this industrial and agricultural group show a 22.7 per cent increase at £7.88m. The share of profits of associated companies amounted to £685,000 against £392,000. Tax charged was down from £1.98m to £1.59m. Dividends absorbed £1.62m (£837,000) and profit retained was £6.03m (£5.43m). Stated earnings per 50p share are up from 25.79p to 32.68p.

Commenting on the figures, Mr. Leslie Young, the chairman, says the industrial group had a difficult year because of the national road haulage strike in the early months of 1979, and the engineering workers' dispute in August. The agricultural group, however, had an excellent year, once again achieving a record surplus.

Looking ahead, he notes that the year started with two important events to ensure the group's continued profitable future. In January the 60 per cent equity in Sterilin, not already owned, was acquired, and early in March Henry Cooke Converters, which had consistently failed to achieve profit targets, was sold.

Subject to any unforeseen circumstances outside the board's control, Mr. Young expressed confidence for another successful year.

• comment

This year looks like being the converse of 1979 at Bibby. Then the industrial division showed a £100,000 downturn in trading profits partly owing to the impact of the road haulage strike and autumn destocking in edible oils. This year, however, oils are doing better and the paper side is no longer supporting the loss-making Clyde operation. The food operation showed an improvement of almost £1.5m in 1979. The weather has been less kind this year, however, and there are over-capacity problems in both the feed and farm product sides. One boon in the current period will be Sterilin, which is now wholly owned and should contribute around £0.5m after finance charges. Over the longer term, Bibby plans to diversify further into non-agricultural products—aiming at a 50-50 profits split with the agricultural areas—and the doubtful prospects for farm revenues in the next few years make this a sound strategy. Against this background and with the shares at 158p, the stated p/e of 4.7 looks modest and the handsome dividend cover suggests that the yield could rise above the current 5.8 per cent.

21% increase pushes Johnson Cleaners over £4m mark

IN THE year ended December 29, 1979 Johnson Group Cleaners raised taxable profit by 21 per cent to £4.04m, compared with £3.34m.

Turnover increased by 33 per cent to £35.16m (£26.53m). After tax earnings were £3.63m (£2.77m), a rise of 31 per cent. John Crockett, the chairman, describes the results as a landmark in the development of the group.

At half-way the profits were £1.86m (£1.34m).

A second interim dividend of 4.4p brings the total for the year to 6.2p (5.0584p) per share. Earnings per share are 27.33p (21.18p).

The figures include earnings before tax of Capital and County Laundries, which joined the group on July 6, 1978 and James Hayes and Sons, which became a subsidiary on March 4 last year. Capital and County contributed £409,387 (£212,465 for the period to December 30, 1978) and Hayes £156,936.

• comment

A glance at the tax charge reveals just how much Johnson Group Cleaners is investing in the expansion of its workwear rental and towel hire businesses. Overdrafts are now standing at over £6m, against £2.61m, and the resultant rise in debt servicing costs to £660,000 has slowed the previous rate of growth, excluding income from acquisitions, to around a tenth. Capital spending is by no means over, even if the group is forsaking the acquisition trail temporarily, but last year's £3.5m cash outflow should revert to a net inflow this year as the disposal programme accelerates since a portfolio of around 1,000 non-trading outlets for future sale, provides a useful base from which to build the growth areas of the business. The contribution from the dominant dry-cleaning operations is not disclosed but, with a mature 21 per cent share of the market and close links to the level of discretionary spending, it is a reasonable bet that progress here is in danger of tapering off in the short term. That should not be too much of a problem if rental takes up the slack but on a fully taxed p/e of 4.4, the shares are currently reasonably valued at 172p, down 3p yesterday. The tax charge is set to remain low this year and the dividend is covered about 2½ times by CCA earnings but the heavy cost of borrowing arguably precludes a swift improvement on a 5.3 per cent yield.

J.E. Sanger unsuccessful in bid to obtain cash lifeline

BY REG VAUGHAN

J. E. Sanger, the meat trading group which had its listing suspended early last week, has been unsuccessful in its quest for new capital and is to go into voluntary liquidation.

Sanger is the latest victim of trading difficulties in the high volume low margin meat business. It has also been hit very hard by high interest rates and difficulties in the international meat trade.

The collapse of Gilmore, the Smithfield meat trader, was also a factor. Gilmore ceased trading just before Christmas with debts of £1.5m and owing Sanger £400,000. Sanger's resources have been depleted in recent years by its ventures into bulk retailing and in the U.S. meat trade, where losses totalled £2m.

Sanger—which made a profit of £110,000 on continuing activities in 1978-79—announced very substantial losses had been incurred in the current year. This resulted in the group's net assets being severely eroded and making an immediate injection of capital necessary.

Sanger announced last week that talks were going on with a third party and the group's bankers about a capital injection but these discussions did not result in any agreement. Without the new capital the bankers decided that they were unable to support the company.

Mr. James Sanger, the executive chairman, said yesterday that the company had taken the liquidation decision so that the company was "not to be seen trading irresponsibly." He felt that there would be a deficiency as regards creditors.

Mr. Sanger had not ruled out the possibility that a rescue might be mounted for the company, but the board had not been approached at this stage.

Hambros, the group's merchant bank, said yesterday, that the losses shown by Sanger in the current year were "very substantial" in terms of the net asset value of £2.2m at the end of June 1979. At that date net borrowings were shown at £7.63m, compared with shareholders funds of £1.97m.

The group's talks have been going on with seven banks over the past week. These were Algemene Bank Nederland, Midland, Bank of Adelaide, Australia and New Zealand Bank, Hambros, National Westminster, and Lloyds. The third party in the talks was believed to be Gulf Shipping, a Geneva-based company, which has a 15 per cent stake in the company. Other large shareholders in the company are the Sanger family with 15 per cent and Mr. H. M. Newton-Clare, executive deputy chairman, with an 11 per cent stake.

The liquidation is expected to exclude certain autonomous subsidiaries particularly Sanger Australia, Sanger Paris, and Sanger Dublin. The board considers these able to continue to trade.

It is proposed that Mr. W. F. Ratford and Mr. C. T. E. Hayward, partners in Peat Marwick Mitchell and Co be appointed joint liquidators.

Guthrie defence against Sime Darby strengthened

BY WONG SULONG AND RAY MAUGHAN

THE DEFENCES that Guthrie Corporation is building against the bid which Sime Darby can reopen at the end of this month were bolstered yesterday by strong growth from the 80 per cent owned plantation subsidiary, Guthrie Ropel Berhad, which is Guthrie's Malaysianisation vehicle.

The case for Guthrie's continued independence was also strengthened by Mr. Rais Yatim, chief minister of the State Government of Negri Sembilan in Malaysia. Guthrie's rubber and oil palm plantations lie in the heart of the Negri Sembilan state and one of five people in the area are employed directly, or indirectly, by Guthrie.

In one of Guthrie's estates on Monday, Mr. Yatim said that State government would not want Sime to hold a "monopolistic" position in the area and he praised Guthrie for the good work it had done in improving the State's economy.

Considering the importance of Guthrie to Negri Sembilan, the chief minister felt that Sime should consult the state before making a further bid.

Sime owns 27.3 per cent of Guthrie and will be free to make a new bid at the end of March. It is understood to influence 40 per cent of Guthrie's equity while the defence is believed to be able to count on the support of broadly the same number of shares. During the offer which Sime made last year, Guthrie found that holders of about 7 per cent of the shares on its register had not responded to the entreaties made by either faction. If the same proportion of the equity remains "dead" in the event of a new offer, Sime must win 11.1 per cent of the 18 per cent which will be expected to take an active voting part in a new deal.

With this tight margin for error in mind, Guthrie expects to launch the widely anticipated offer for the £22m City and International Trust within the next fortnight.

Terms of the deal have yet to be put to an extraordinary meeting of Guthrie shareholders but the defence is expected to try to force Sime either to accept dilution or, by maintaining its proportionate holding, to counter the recent weakness in the Guthrie share price by making the clearest indication that it remains a bidder.

At about the same time, Guthrie will be announcing an accepted bid which will strengthen its U.S. interests. Terms have been agreed with an American company which is currently turning over in excess of $300 annually. Other deals, notably a joint venture in plantation technology, are in the pipeline.

Taxable profits of Guthrie Ropel Berhad, jumped from M$19.2m to $28.9m for 1979.

The dividend is increased to 25 per cent (18 per cent), with a final payment of 18 per cent per share, payable on May 8.

Tax for the year took $11.32m ($7.07m) leaving a net profit ahead from $12.13m to $17.59m.

Brighter year seen by Hoover

CAUTIOUSLY optimistic about prospects for 1980, Mr. M. R. Rawson, chairman of Hoover says in his annual statement that if the company can avoid supply interruptions it can strenghten its position in the market and create a sounder base for future prosperity.

He explains that caution is necessary because the general economic outlook in most of the major markets in which the company operates is not bright and the level of sterling reduces the company's competitiveness against foreign manufacturers.

However, productivity improvements are being obtained and the company has new products to introduce in the current year.

As reported on February 28, pre-tax profits for 1979 fell by some £3.44m to £1.88m but the dividend total is held at 12p, with a final payment of 6.39p net.

On a curent cost basis a taxable loss of £4.5m (£14,000) was incurred, after adjustment for depreciation £3.6m (£3m), cost of sales £4.2m (£2.8m), monetary working capital £100,000 (£400,000), gearing £350,000 (£550,000) and interest £265,000 (£754,000).

At December 31 group fixed assets stood at £31.05m (£30.21m) and net curent assets at £57.45m (£60.19m). Net liquid funds showed an increase of £3.28m compared with a decrease of £12.84m.

The AGM of the company will be held at Greenford, Middlesex, on April 2 at 10 am.

Standard Life funds pass the £2bn mark

THE AGGREGATE value of funds with Standard Life Assurance Company passed the £2bn mark last year reaching £2.25bn on November 15, 1979—the year end of the company, compared with £1.99bn at the start of the year.

The report and accounts for the year show that premium income improved by 18 per cent from £214m to £252m, annuity considerations by a similar proportion from £38m to £44m and investment income by 21 per cent from £174m to £210m. Claims and annuity payments were 13 per cent higher at £132m.

The company last year invested £80m in fixed-interest securities, mostly gilts and £70m in equities, with a further £27m invested in property. Mr. Alexander Hodge, in his chairman's statement, points out that the yields on good completed properties had fallen to such an extent that the company has become increasingly unwilling to buy such holdings. Instead it was concentrating on property development, including the major complex of offices and shops and recreational facilities at Cutler's Gardens in the City of London. Standard Life is planning to invest over £100m in this manner over the next few years.

Midway rise at Murray Glendevon Tst.

Revenue before tax of Murray Glendevon Investment Trust increased from £173,909 to £258,328 in the six months to January 31, 1980.

The interim dividend of 0.8p (0.75p) absorbs £79,290 (£73,721)—a total of 2.1p was paid last year on pre-tax revenue of £368,636.

Net assets at the balance date were up £1m at £13.36m, equivalent to 129p (119.5p) per 25p share.

Six months' tax takes £87,803 (£68,548) and earnings are shown as 2.5p (2.24p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
J. Bibby	4.25	—	2.24*	6.25	3.26*
City & Commercial Tst.	1.28	March 31	0.97	2.02	2.03
De Beers	52.5‡	April 25	45	72.5	65
Ductile Steels ......int.	2.12	May 2	2.12	—	7
S. W. Farmer	6.1	—	5.12	6.1	5.34
Johnson Group sec. int.	4.4	April 10	3.56	6.2	5.06
Pentos	2.63	July 2	1.7*	4.03	2.51*
Rose Dimond Inv.	3.45†	April 30	2.5	5.95	4.6
Sedgwick-Payne	3	April 5	1.68*	5	2.68*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring 0.59p from Shell. ‡ South African cents throughout.

Year-end fall seen at Ductile Steels

IN SPITE of difficulties caused by last year's engineering strike, taxable profits of Ductile Steels improved from £2.05m to £2.37m for the 26 weeks ended December 29, 1979, on turnover ahead at £37.38m against £33.74m.

Mr. R. Sidaway, chairman, says, however, that because of the steel dispute most of the group's companies ceased operations by the end of January, and it is probable that profits for the full year will not match those of 1978-79—pre-tax surplus for last year was £4.71m.

First half profits were struck after interest, little changed at £317,000 (£311,000), and was subject to tax, SSAP 15 adjusted, of £900,000, compared with £696,000. Net profits emerged higher at £1.47m against £1.35m.

The net interim dividend is unchanged at 2.1187p per 25p share—last year's final payment was 4.8813p.

• comment

With significant interests in steel re-rolling and its broad variety of customers, Ductile Steels is rather a barometer for British industry in the West Midlands. The barometer is fairly steady at the half-way stage with Ductile managing a 15.8 per cent pre-tax rise despite the engineering strike. This strike probably cost more than £600,000 in forfeited earnings, but seems to have been recouped between October and December as customers scrambled to restock. The next roadblock is clearly the steel strike, which shut down operations from mid-January until early this week. The cost of the steel dispute, still uncertain, will likely be more than £1m this year, suggesting a year end pre-tax level as low as £3.5m. This would point to a prospective fully taxed p/e of 8.9. The interim dividend has been maintained and the historic yield is 11 per cent at 92p, up 4p.

Kynoch acts positive to cut losses

AFTER REPORTING a loss of £32,673 in the year to August 31, 1979, the board of G. and G. Kynoch, woollen cloth manufacturer, has positive plans for restoring the company to profitability, states Mr. G. B. Kynoch the chairman, in his annual report.

But he adds a warning, saying: "Until increases in wage rates in Britain are matched with improved performance and productivity rather than simply being a fuel for inflation, the manufacturing nidustry will have a difficult task to sell their products competitively in the markets of the world."

He says the company will, nevertheless, continue to strive to increase business by marketing quality products backed up with a personal approach and efficient customer service.

The company has been in profit on only two occasions in the past six years—£38,000 in 1977, and £29,000 in 1978. As known, no dividends were declared during the last year against a total of 2p in 1978.

Fertleman calls Receiver

B. FERTLEMAN, the furniture company, has asked its bankers to call in the receivers just three months after indicating that its trading position was on the upturn.

The shares were suspended pended yesterday at 16½p, giving the company a market value of nearly £340,000. Barclays Bank has appointed Peat Marwick Mitchell as the Receiver and manager.

In the year to March 31, 1979, Fertleman, based in south London, made a loss of £537,000 before tax on sales of £3.05m. But Mr. John Swanborough, the chairman, said in December that a profit was made last September and October, and the board hoped for a second half return to profits.

Rea Bros. profit up

Following increased profits in the first half, Rea Brothers, merchant banking group, reports profits after all charges, up from £471,000 to £601,000 at the end of 1979.

The final dividend is 1.275p stepping up the total from 1.6528p to 2p, payable on April 13. A one-for-three scrip issue is also proposed.

Yearlings unchanged

The coupon rate on this week's batch of local authority yearling bonds is unchanged at 16¾ per cent. Issued at par, the stocks mature March 18, 1981.

The issues are: City of Kingston-upon-Hull (£1m), City of Leeds (£2m), Newark DC (£0.5m), London Borough of Islington (£1.5m), Derby City Council (£1m), Cambridge City Council (£0.5m), South Derbyshire DC (£0.25m), West Yorkshire Passenger Transport Executive (£0.5m), West Lancashire DC (£0.25m), Borough of South Tyneside (£1m), Crawley BC (£0.5m), Kettering BC (£0.5m), City of Bradford Metropolitan Council (£0.75m), Hertsmere BC (£0.75m), City of Norwich (£1m), South Bedfordshire DC (£0.5m), Borough of Llanelli (£0.35m), Rochdale Metropolitan BC (£0.5m), London Borough of Bromley (£1m), North East Derbyshire DC (£0.5m), Bracknell DC (£0.5m), Dunfermline DC (£0.5m), Greater London Council (£2.5m), City of Dundee DC (£0.5m), Fife Regional Council (£0.5m), London Borough of Camden (£1m), West Yorkshire Metropolitan County Council (£0.5m).

New brewer's offer for sale

A capital raising exercise has been launched by a new brewery company to be based on Salisbury, Wiltshire.

Tisbury Brewery Company is proposing to raise £131,250 by way of an offer for subscription of 125,000 ordinary shares of £1 each at £1.05 per share.

At some later date the company intends to seek permission for its shares to be dealt in on the unlisted securities market of the Stock Exchange. The offer has not been underwritten.

SPAIN

March 11	Price %	+ or −
Banco Bilbao	225	
Banco Central	254	−2
Banco Exterior	213	
Banco Hispano	223	−2
Banco Ind. Cat.	135	
Banco Madrid	155	−1
Banco Santander	272	−2
Banco Urquijo	172	−2
Banco Vizcaya	234	−2
Banco Zaragoza	207	−2
Dragados	100.5	
Espanola Zinc	60	+1
Fecsa	57.2	
Gal. Preciados	35	
Hidrola	63.2	−0.3
Iberduero	59	−0.2
Petroleos	107	
Petroliber	63	
Sniace	113	
Telefonica	54.2	−0.3
Union Elect.	52.2	−0.8

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	70	Airsprung	71	—	6.7	9.4	4.2†
50	25	Armitage and Rhodes	35	—	3.6	10.9	2.3†
237	183	Bardon Hill	237	—	13.8	5.8	6.9†
100	85	County Cars 10.7% Pf	85	—	15.3	18.0	—
101	63	Deborah Ord	92	—	5.0	5.4	10.2
100	88	Frank Horsell	100	—	7.9	7.9	6.2
129	100	Frederick Parker	100xd	—	12.8	12.8	4.6†
156	102	George Blair	105	—	16.5	15.7	—†
67	45	Jackson Group	67	−1	5.2	7.8	3.9†
173	113	James Burrough	116	—	7.2	6.2	10.2
300	242	Robert Jenkins	257	−2	31.3	12.2	8.2†
232	175	Torday	217	—	14.3	6.6	5.6†
34	16½	Twinlock Ord.	18½	−0½	0.8	4.5	3.8†
80	70	Twinlock 12% ULS	76	—	12.0	15.8	—
56	23	Unilock Holdings	35	—	2.5	5.2	10.6
87	42	Walter Alexander	87	—	4.4	5.0	5.8
130	136	W. S. Yeates	181	—	11.5	6.3	7.0

† Accounts prepared under provisions of SSAP 15.

JOSEPH STOCKS & SONS (HOLDINGS) LIMITED

(Provision Merchants and Importers)

The interim dividend has been raised from 4% to 10% payable on 3rd April, 1980. In the half-year ended 30th September, 1979 turnover increased from £22,315,445 to £23,242,573 and trading profit from £267,716 to £361,675.

After taxation of £198,471, against £139,212, and profit of £3,043 on sale of fixed assets, against £26,341, net profit for the half-year was £166,247, against £154,845. Profit retained increased from £150,420 to £173,953, earnings per share rising from 6.2p to 7.4p.

BIDS AND DEALS

Viking backs Sun offer

Sun Company, the 11th largest U.S. oil group, has emerged with a new bid for Viking Oil, the North Sea exploration group, which tops by £1 a share the three-week old offer from major German oil group Deminex.

Viking's board and its advisers, British Linen Bank, had agreed to the Deminex offer of 300p per share in cash plus a royalty unit based on an increasing yield as production came on stream.

Now they have withdrawn their recommendation for Deminex in favour of Sun which is offering 400p in cash (or the equivalent in variable rate 1986 loan notes) plus a royalty unit with terms virtually identical to that offered by Deminex.

The board recommendation for Sun could, in turn, be withdrawn if a higher offer materialised. Deminex has not conceded defeat but is "considering its position" according to S. G. Warburg, its advisers.

However, a number of shareholders controlling 30 per cent of Viking, have irrevocably committed themselves to Sun's offer and this would make it difficult for Deminex or any new suitor to come back.

Morgan Grenfell, advising Sun, owns 2 per cent of Viking in its own right and around 20 per cent is owned by funds controlled by Ivory and Sime. The board's interest amounts to another 1 per cent.

The loan notes which are offered as an alternative to the cash element will not be quoted, but a condition of the offer is that Sun will seek Stock Exchange permission for dealings in the royalty units under either rule 163(3), which is designed for exploration groups, or 163(2), the unlisted market.

Viking's shares rose by £1 in the market yesterday to £10.12 for a market capitalisation of £24.29m.

NORFOLK CAPITAL SELLING HOTEL

Following its £10m purchase of five London hotels from Grand Metropolitan, the privately-owned Chrysanta Company has now agreed to buy the Eros Hotel in Piccadilly from another business run by Mr. Maxwell Joseph, Norfolk Capital.

Chrysanta, owned by a family of Kenyan Asians, is believed to be paying around £750,000 for the hotel and to be involved in talks over others.

Reed bids for rest of poster group

Reed International has unveiled its bid for the 52 per cent of London and Provincial Poster Group which it does not already own.

The all cash offer of 500p compares with a market price for London and Provincial of only 289p on suspension at the end of February. In terms of market capitalisation, therefore, the offer values the company at a premium of nearly 75 per cent above the market's estimate.

In 1978, London and Provincial made pre-tax profits of £3.04m and in the first six months of 1979 interim profits rose from £1.2m to £1.85m.

Yesterday the Board announced that it expected to make final profits of not less than £4.3m. On the basis of this improvement, it is recommending a second interim dividend of 10p for a total of 15p for the year. The current year is also said to have started well with "encouraging books" suggesting a "significant increase in profits in 1980."

The directors with advisers, Lazard Brothers, are recommending Reed's offer as "fair and reasonable" and intend to accept. They and their families own 2.02 per cent so Reed must be already confident that it has won control, as its own holding is 48.21 per cent.

WINCHESTER LONDON TRUST

Final acceptances for the offer by Messrs. Jack Gardner and Montague Fisher for Winchester London Trust totalled 1.92m shares (69.21 per cent).

The offerors held 6,500 shares before the offer was announced, and now control 69.44 per cent of the issued share capital.

Dubilier makes move into American market

Dubilier, a manufacturer of passive components for the electronics industry, is expanding into the U.S. for the first time with the purchase of Flight Connector Corporation, of California, which makes connectors for aerospace and defence applications.

The acquisition—at a basic cost of $2.5m (£1.13m)—will open up the American market to Dubilier's UK manufactured products and will give the group a manufacturing base in the U.S.

The connectors made by Flight are complementary to those made by Dubilier in the UK and France, but are supplied to different markets. Flight customers include many of the large U.S. civil and military aircraft manufacturers as well as the U.S. Navy.

Mr. R. G. Hooker, the Dubilier chairman, said yesterday that he was "very attracted" by what he had seen in the U.S. Dubilier was "very keen to get in there" and having achieved a toe-hold the group would be able to expand further.

Dubilier has a full time consultant in the U.S. and he is constantly on the look-out for suitable opportunities, said Mr. Hooker. He felt that unless Dubilier got into U.S. electronics it would remain second best in the industry.

The purchase contract is conditional on an audit by Peat, Marwick, Mitchell, Dubilier's auditors, of the accounts of Flight for the year ended February 29, 1980, confirming the company's financial position.

The pre-tax profit of Flight for that year is expected to be over $800,000 on sales of some $4.5m; net tangible assets are expected to be about $1m.

Subject to Flight achieving certain growth targets, further payments, totalling a maximum of $500,000 over two years, could become payable. In addition, loans to Flight from certain shareholders totalling some $120,000 will be repayable during the year following completion.

In the year ended September 30, 1979, Dubilier lifted group pre-tax profits by 18 per cent to £1.31m. Mr. Hooker said that results in the current year to date were better than last year.

NCB PENSION/ BRITISH TAR

National Coal Board Pension Funds holds 8.85 per cent of British Tar Products ordinary share capital (1,531,672 shares), on conversion of its holding of British Tar 10¼ per cent third convertible unsecured loan stock 1992, after which NCB acquired 1,129,032 ordinary shares.

FURNESS WITHY

Dolphin Investments has acquired 26,250 shares of Furness, Withy and Co. at 371p and 7,500 shares at 372p making its holding 2,818,465 shares (10.52 per cent). Helix Investments has acquired 8,750 shares of Furness, Withy at 371p and 2,500 shares at 372p making holding 959,882 shares (3.58 per cent).

MINING NEWS

De Beers pays higher final

BY PAUL CHEESERIGHT

De Beers Consolidated Mines has raised its final dividend despite a setback in its annual profits, caused by the sluggishness of the international diamond market.

The South African group, the most important single force in international diamond mining and rough gem marketing, yesterday declared a final dividend of 52.5 cents (23.25p), making a total for 1979 of 72.5 cents, compared with 65 cents for 1978.

Net profits last year were R727.9m (£406m) after an extraordinary item, compared with R741.2m in 1978. Earnings per share were 205.7 cents against 205.5 cents.

The share price, which was languishing at 420p before the dividend announcement in line with the general trend on the market, rallied afterwards to close at 430p for a net loss of 20p.

Although De Beers investment income from its stake in Anglo American Corporation and individual mines showed a predictable rise last year to R311.7m from R234.1m in 1978, this was not sufficient to offset the fall in the diamond account.

The diamond account in 1979 was R125.1m lower than in 1978 at R831.3m against R956.4m. Such a fall had been widely expected as the international diamond market absorbed price increases and regained stability after the heavy speculation in 1977-78 when diamonds were held in the cutting centres as a hedge against currency and economic uncertainties.

The 1979 sales figures for the Central Selling Organisation, which markets the bulk of rough gems passing on to the international market, had already indicated that demand was dull.

Specifically, the market for small stones especially has been slow and remains so despite a modest improvement in recent weeks—while that for larger gems, subject to investment rather than jewellery buying—held firm. Latterly, however, there has been some easiness in the light of tighter financial conditions.

So De Beers sold less stones last year at a time when it was maintaining capital expenditure at a high level and facing, in common with all mining groups, higher costs.

This situation has also affected the groups cash balances — R974.7m at the end of 1979 compared with R1.29bn at the end of 1978. The group has been financing a higher level of stocks. At the same time it has used cash to participate in the Charter Consolidated-Minorco re-arrangement and to buy shares in Consolidated Gold Fields.

These transactions have built up the value of De Beers' investment portfolio and it looks as if the dividends from this portfolio are going to become increasingly important this year. High interest rates and a squeeze on disposable incomes could keep the diamond market sluggish for some months.

Leichardt's hopes

AN OPTIMISTIC announcement about its diamond exploration hopes in South Africa failed yesterday to arrest the fall in the share price of Leichardt Exploration of Adelaide. The shares, a speculative counter in the Australian market, fell 60p to 345p.

Leichardt announced that it had concluded the purchase of Mopani Exploration, a South African company, which has a 25 per cent interest in a joint exploration venture with African Selection Trust Exploration, a subsidiary of Selection Trust of London.

This venture has properties near the Orange River in the Herbert district of Cape Province in South Africa. Management of the joint venture went to African Selection Trust on January 15.

In the period between August 1, 1979 and January 14, Leichardt said, Mopani produced 22 diamonds weighing 62.25 carats from 7,000 tonnes of bulk sampling material. The average size was 2.8 carats a stone.

The company quoted Mr. R. Baxter-Brown, its consulting geologist, as saying that the prospect "should prove to be a major asset in the future of Leichardt." He also referred to the "ultimate payability of this, and similar deposits in the area."

Selection Trust, however, was not prepared to go beyond the comment that there are indications the area might be diamondiferous. "It is quite clear much work needs to be done to see what is there — it has to be ascertained whether there is a payable deposit," a spokesman said.

COSEKA SALE HELPS BRINCO

Brinco, a unit of the Rio Tinto-Zinc group seeking to develop energy minerals in Canada, had net profits last year of C$18.9m (£7.3m), compared with C$1.66m in 1978, it was announced yesterday.

The huge jump results from an extraordinary gain of C$18.2m arising from Brinco's sale of its interest in Coseka Resources. The company had a cash balance of C$55m at the end of the year. It declared a regular quarterly dividend of 9.625 cents (3.7p).

Heron set to buy U.S. house mortgage company

After foreshadowing further U.S. deals last week, the privately-controlled Heron group now plans to lay out $23.5m (£10.5m) cash to buy up one of Arizona's leading house mortgage companies in its largest ever direct corporate investment.

It has agreed to buy Pima Savings and Loan Association from Patagonia Corporation, a bank holding company which is required to sell off its non-bank interests under U.S. law.

Pima, based in Tuscon, is the fifth largest S and L concern in Arizona. At the end of last December it had total assets of $410m (£186m) and earned net income last year of $2.4m.

The sale, marking Heron's first venture into the financial sector apart from its insurance interests in Britain, is subject to another business review by Heron by March 25 and various governmental approvals.

Heron, which owns two-thirds of the quoted Heron Motor Group, is still on the look-out for other U.S. investments. It is already involved with Canadian Natural Resources in an oil drilling venture in seven states.

The deal with Pima will be the first by Heron's new holding company, Heron International, which is being set up to handle the group's growing overseas activities outside Europe.

Heron has been looking around for suitable acquisition candidates in the U.S. for about a year and a half, and has mainly concentrated its search on the fast-growing states in the south.

It is also involved in talks about possible new ventures in the Middle East, South America and Africa.

De Beers

De Beers Consolidated Mines Limited

Provisional Annual Financial Statements and Declaration of Dividend

The following are unaudited abridged versions of the consolidated financial statements for the year ended 31st December 1979, together with comparative figures for the year ended 31st December 1978, which should be read in conjunction with the subjoined notes.

CONSOLIDATED INCOME STATEMENT

	1979 R million	1978 R million
Diamond account	831.3	956.4
Interest and dividend income	311.7	234.1
Other revenue	31.8	29.1
Surplus on realisation of fixed assets	0.8	0.2
Net surplus on investments	6.8	(0.9)
	1 182.4	1 218.9
Deduct:		
Prospecting and research	38.8	29.4
General charges	28.1	28.6
Interest payable	9.1	4.5
	76.0	62.5
Group profit before tax	1 106.4	1 156.4
Deduct:		
Tax	335.4	401.6
State's share of profits under mining leases	40.7	43.9
	376.1	445.5
Less: Loan portion of tax	20.8	39.6
	355.3	405.9
Group profit after tax	751.1	750.5
Deduct:		
Outside interest in subsidiary companies	9.2	9.3
Group profit after tax before extraordinary item	741.9	741.2
Deduct:		
Extraordinary item (see note 1)	14.0	—
Group net profit after tax *attributable to De Beers* Consolidated Mines Limited	727.9	741.2
Appropriations:		
Transfers to reserves	413.5	377.4
Preference dividends	1.8	1.8
Deferred dividends — 72.5 cents per share (1978: 65 cents)	260.9	233.9
	676.2	613.1
Increase in unappropriated profit	51.7	128.1
Earnings per equity share (*see note 1*)	*205.7 cents*	*205.5 cents*

CONSOLIDATED BALANCE SHEET

	1979 R million	1978 R million
Issued share capital:		
Preference shares	4.0	4.0
Second preference shares	2.8	2.8
Deferred shares	18.0	18.0
	24.8	24.8
Non-distributable reserves	271.0	214.8
Distributable reserves	2 043.6	1 702.6
	2 339.4	1 942.2
Less: Excess of cost of shares in subsidiary companies over book value of net assets at dates of acquisition	25.4	24.8
	2 314.0	1 917.4
Outside interests in subsidiary companies	70.1	75.4
Long-term liabilities	57.0	70.8
	2 441.1	2 063.6
Fixed assets:		
Claims, mining interests and property	104.3	94.2
Plant, permanent works and buildings	50.6	51.2
Unlisted trade investments	127.3	80.2
	282.2	225.6
Stores and materials	45.9	34.9
Diamond stocks	409.3	255.6
Listed investments (see note 2) (Market value R1 875.5 million — 1978: R817.5 million)	620.2	417.7
Unlisted investments (Directors' valution R325.7 million — 1978: R186.6 million)	60.6	76.6
Long-term loans	103.0	69.0
Loan portion of tax	121.3	95.3
Deferred tax and State's share of profits (see note 1)	11.4	—
Cash	974.7	1 294.9
Other current assets	349.5	239.2
	1 324.2	1 534.1
Less: Current *liabilities*	537.0	645.2
Net current assets	787.2	888.9
	2 441.1	2 063.6

Notes:

1. Earnings per equity share are calculated after deducting preference dividends but before deducting the extraordinary item of R14 million which represents lump sum payments of R28.9 million made to the De Beers Pension Fund, reduced by relief from tax and State's share of profits totalling R14.9 million which is being allowed over a period of five years. R27.6 million was in respect of the admission to membership of the Fund of the Company's migrant employees who were formerly on a separate retirement allowance scheme funded annually by the company and R1.3 million was in respect of other employees and pensioners.
2. The increase in listed investments is largely attributable to the acquisition of additional shares in Anglo American Corporation of South Africa Limited and Minerals and Resources Corporation Limited (Minorco) flowing from the restructuring of Charter Consolidated Limited and Minorco and rearrangements associated therewith, as well as the acquisition of an interest of nearly five per cent in Consolidated Gold Fields Limited. Subsequent to the year end it was announced that De Beers had increased its interest in Consolidated Gold Fields to approximately 16 per cent, had secured options on a further 8.5 per cent, and proposed to offer half of its interest to Anglo American Corporation of South Africa Limited. The options have now been exercised and the offer accepted so that De Beers now owns 12.3 per cent of Consolidated Gold Fields and has a right of first refusal in respect of a further 0.4 per cent.

Diamond Price Increase

The price of rough gem diamonds weighing more than one carat marketed by the Central Selling Organisation was increased with effect from 18th February 1980. The increase varied according to quality and size. The effect will be an overall increase in the price of diamonds sold by the Central Selling Organisation of approximately 12 per cent.

Declaration of Dividend No. 120 on the Deferred Shares

Dividend No. 120 of 52.5 cents per share (1978: 45 cents) being the final dividend for the year ended 31st December 1979, has been declared payable to the holders of deferred shares registered in the books of the Company at the close of business on 21st March 1980, and to persons presenting coupon No. 64 detached from deferred share warrants to bearer. This dividend, together with the interim dividend of 20 cents per share declared on 21st August 1979, makes a total of 72.5 cents per share for the year (1978: 65 cents). A notice regarding payment of dividends on coupon No. 64 detached from share warrants to bearer, will be published in the press by the London Secretaries of the Company on or about 14th March 1980. The deferred share transfer registers and registers of members will be closed from 22nd March 1980 to 3rd April 1980, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 24th April 1980. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 15th April 1980 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Company's transfer offices in Johannesburg or the United Kingdom on or before 21st March 1980.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividend is payable subject to conditions which can be inspected at the head office and London office of the Company and also at the Company's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board

H. F. Oppenheimer, A. Wilson — Directors

12th March 1980

Head Office: 36 Stockdale Street, Kimberley, South Africa.
London Secretaries: Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London EC1P 1AJ.
Transfer Secretaries: Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg. (P.O. Box 61051, Marshalltown, 2107)
Charter Consolidated Limited, P.O. Box No. 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

De Beers Consolidated Mines Limited

Incorporated in the Republic of South Africa

De Beers Industrial Corporation Limited

(Incorporated in the Republic of South Africa)

PROVISIONAL ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 1979 AND NOTICE OF DECLARATION OF DIVIDENDS

The following are unaudited abridged versions of the consolidated financial statements for the year ended 31st December 1979, together with the comparative figures for the year ended 31st December 1978.

CONSOLIDATED INCOME STATEMENT

		1979 R'000		1978 R'000
Dividends, interest and sundry revenue		18,030		14,641
Less: General expenses		173		238
Profit before tax		17,857		14,403
Tax		154		247
Profit after tax		17,703		14,156
Appropriations:				
Transfer to general reserve		1,000	1,300	
Dividends:				
On preference shares	1,948		1,945	
On ordinary shares—110 cents per share (1978: 82.5 cents)	15,125	18,073	11,344	14,592
		(370)		(436)
Unappropriated profit 31st December 1978		861		1,297
Unappropriated profit 31st December 1979		491		861
Earnings per ordinary share		114.6 cents		88.8 cents

CONSOLIDATED BALANCE SHEET

	1979 R'000	1978 R'000
Issued share capital:		
Preference shares	17,000	17,000
Ordinary shares	27,500	27,500
	44,500	44,500
Non-distributable reserves	18,520	18,520
Distributable reserves	22,836	21,861
Current liabilities	8,704	6,365
	94,560	91,246
Investments:		
Listed	20,792	20,792
Market value R146,557,000 (1978: R81,535,000)		
Unlisted	29,099	29,099
Directors' valuation R253,256,000 (1978: R123,302,000)		
Loans	32,751	36,398
Loan portion of tax	141	119
Current assets	11,777	4,838
	94,560	91,246

DIVIDENDS

Dividend No. 59 on the Ordinary Shares

Dividend No. 59 of 65 cents per share (1978: 45 cents) being the final dividend for the year ended 31st December 1979, has been declared payable to the holders of ordinary shares registered in the books of the Corporation at the close of business on 28th March, 1980. This dividend, together with the interim dividend of 45 cents per share declared on 22nd August 1979 makes a total of 110 cents per share for the year (1978: 82.5 cents).

Dividend No. 72 on the 5.5 per cent Preference Shares

Dividend No. 72 of 2.75 per cent, equivalent to 5.5 cents per share in respect of the six months ending 31st March 1980, has been declared payable to the holders of 5.5 per cent preference shares registered in the books of the Corporation at the close of business on 28th March 1980.

Dividend No. 7 on the 12.25 per cent cumulative redeemable Preference Shares

Dividend No. 7 at the rate of 12.25 per cent per annum, equivalent to 6.125 cents per share in respect of the six months ending 30th April 1980, has been declared payable to the holders of cumulative redeemable preference shares registered in the books of the Corporation at the close of business on 28th March, 1980.

For the purposes of these dividends the share transfer registers and registers of members will be closed from 29th March, 1980 to 11th April, 1980, both days inclusive.

Warrants will be posted from the Johannesburg and United Kingdom transfer offices on or about 24th April, 1980. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 15th April, 1980 of the rand value of their dividends (less appropriate taxes). Any such shareholders may, however, elect to be paid in South African currency, provided that the request is received at the Corporation's transfer offices in Johannesburg or the United Kingdom on or before 28th March, 1980.

The effective rate of non-resident shareholders' tax is 15 per cent.

The dividends are payable subject to conditions which can be inspected at the head office and London office of the Corporation and also at the Corporation's transfer offices in Johannesburg and the United Kingdom.

For and on behalf of the board
H. F. Oppenheimer } Directors
A. Wilson

12th March, 1980

Head Office:
36 Stockdale Street
Kimberley
South Africa

London Secretaries:
Anglo American Corporation of South Africa Limited
40 Holborn Viaduct
London EC1P 1AJ

Transfer Secretaries:
Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg
(P.O. Box 61051, Marshalltown, 2107)

Charter Consolidated Limited,
P.O. Box No. 102, Charter House
Park Street, Ashford
Kent TN24 8EQ

Companies and Markets

UK COMPANY NEWS

Pentos held back to £4.08m at year-end

HIGHER interest charges and a very poor result from the publishing side marred an otherwise strong performance at Pentos in 1979 and pre-tax profits showed only a small increase from £4.01m to £4.08m.

Total sales from trading activities amounted to £70.3m which is below original expectations but shows an increase of 28 per cent on the 1978 figure of £54.8m.

As forecast at the time of the acquisition of Caplan Profile, the final dividend is 2.625p making a total of 4.025p compared with the previous year's equivalent 2.5125p. Stated earnings per share are 9.82p against 9.79p and 7.87p (8.55p) fully diluted.

	1979 £000	1978 £000
Publishing, book sales	27,589	23,958
Garden and leisure	17,586	12,151
Engineering	13,670	11,410
Construction	11,440	7,321
Total sales	70,285	54,840
Publishing, books profit	959	1,720
Garden leisure	1,462	1,316
Engineering	1,351	1,222
Construction	1,994	780
Total profit	5,766	5,038
Central expenses	25	93
Associates	25	—
Profit before interest	5,816	4,945
Interest	1,738	934
Profit before tax	4,078	4,011
Pentos tax	799	893
Associates tax	5	—
Minorities	35	13
Leaving	3,239	3,105
Extraord. debits	524	137
Pref. dividend	3	3
Interim ordinary	498	281
Final ordinary	933	560
Retained	1,281	2,144

Excluding publishing and the benefit of acquisitions made during the year, trading profits are 23 per cent ahead of 1978 on a sales increase of 31 per cent.

Tudor Garden Products was acquired in May last year and the Caplan Profile Group in August. The contribution to Pentos profits resulting from acquisitions during the year was £450,000.

Interest charges amounted to £1.74m and the £804,000 increase was due to higher interest rates and higher borrowings. Year-end borrowings were £5.5m higher than 1978 of which £2m was in respect of the consolidation of Caplan.

Trading profits of publishing and bookselling were down 44 per cent to £959,000 with much the worst performance coming from mass market children's books. Steps have been taken to reduce the investment in stocks and to reduce overheads, the board states.

A professional revaluation of the company's freehold and long leasehold properties has been undertaken and the revaluation surplus, amounting to £1.1m, has been incorporated in the 1979 balance sheet.

Pentos has made a reasonable start to 1980, and for the year as a whole directors are looking for some recovery in publishing and for further improvement in other activities. The results will also reflect the first full year of Caplan.

● comment

A 2 per cent rise in pre-tax profits indicates that this has not been the brightest of years at Pentos. With the historic p/e now at 6.4 on stated earnings, the market does not look to expect much excitement in the immediate future from this erstwhile growth stock. The yield at 60p, down 1p, is now a relatively handsome 10 per cent thanks to the dividend boost in line with the Caplan offer forecast. The diversity of Pentos' interests is matched by their diversity of performance. Construction has had a good year, with Caplan contributing perhaps £400,000 of the increased profit. The worrying area is publishing, where the uphill fight to break even has been the main drag—along with interest rates—on group profits. Retrenchment here should be relatively painless, since Pentos has little tied up in fixed assets. Borrowings are perhaps £2m too high for comfort—reflecting the cost of Caplan.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Maynards, United City Merchants.

Finals:—BSR, Britannic Assurance, Lambert Howarth, Monfort (Knitting Mills), Thomas Robinson, Tiger Oats and National Milling, Turner and Newall, H. Woodward, F. W. Woolworth.

FUTURE DATES

Interims—	
Brooks Bond Liebig	Mar. 18
Eleco	Mar. 31
Fairview Estates	Mar. 25
Falcon Mines	Mar. 13
MTD (Mangula)	Mar. 25
Medminster	Mar. 19
Waring and Gillow	Mar. 18
Wombwell Foundry and Eng.	Apr. 3
Finals—	
Benrose	Mar. 25
Birchwood Hodge	Apr. 9
Bronx Engineering	Mar. 20
Cartwright (R.)	Mar. 26
Electrolux	Mar. 19
Gill and Duffus	Apr. 9
Jamesons Chocolates	Mar. 20
Lovell (G. F.)	Mar. 24
Oliver	Mar. 27
Pittard	Mar. 17
Reckitt and Colman	Mar. 25
Savoy Hotel	Mar. 20
Senior Engineering	Apr. 15
Spencer (George)	Mar. 18
Tate of Leeds	Mar. 20
Williams and James (Eng.)	Mar. 21

S. W. Farmer improves 10% and confident of continued progress

DESPITE THE effects of the national engineering strike during the latter part of the year, S. W. Farmer Group, maker of structural steelwork and plate work, increased 1979 pre-tax profits by nearly 10 per cent from £1.09m to £1.19m, on turnover up 13.6 per cent to £13.84m.

The directors say it was not an easy period for the construction industry and had the economic climate been healthier the group's performance would have reflected this.

First-half profits had risen from £505,000 to £561,000.

The current year is expected to be tough but the directors are confident that the group will continue to make progress.

The group entered 1980 with a good order book, but while contingency plans had been made for the steel strike, it is still vulnerable to the purchasing intentions of overseas clients.

Yearly earnings per 25p share are shown as 25.37p (22.42p) on the basis of a full tax charge, and as 36.7p after release of stock relief. The dividend total is raised from 8.34p to 9.169p net, with a final of 6.1p.

Activities other than steel now account for some 25 per cent of profits and this move will continue in 1980. The new company, Farmer Cabins, is now established in London and Leeds and the directors confidently expect to see further progress in the sale and hire of accommodation units this year.

Since the year-end, the group has acquired E. A. Roper and Co., a Yorkshire-based company which designs, fabricates and installs foundry equipment. The directors consider this acquisition which is subject to shareholders' approval on March 19, will enable the group to expand and diversify further.

	1979 £000	1978 £000
Turnover	13,835	12,177
Operating profit	1,188	1,085
Share of assoc. profit	4	—
Profit before tax	1,192	1,085
Taxation	†337	564
Net profit	855	521
Extraord. debit	—	6
Available	855	515
Interim dividend	71	55
Proposed final	154	129
Retained	630	321

† Comprises tax of £602,000, less £265,000 on release of deferred tax relating to stock relief.

As at January 31, net asset value per 25p capital share was 129.7p (122.2p).

Growth for Rosedimond Investment

After tax of £190,415 against £182,105, revenue of Rosedimond Investment Trust came out higher at £341,144 for the year ended January 31, 1980, compared with £275,384, giving earnings per income share up from 4.6p to 5.11p.

Gross income for the year was £600,527 (£574,501) and the dividend is increased to 5.95p (4.6p) net per 25p share with a final of 3.45p, which includes a non-recurring payment of 0.59p from Shell.

Australian subsidiary peps Tootal

A DETERMINED rationalisation programme entered by Bradmill Industries, the major clothing and textiles group, resulted in an A$13.24m (US$14.5m) profit for the 18 months to December writes James Forth from Sydney. For the 12 months to December, Bradmill earnings were up 41 per cent, from A$7m to A$9.9m.

Since June last year, Bradmill has rationalised its textile division and sold a major loss-producer, Bradmill Industries Philippines. The directors said that the profit improvement stemmed from the rationalisation.

Bradmill changed its balance date from June 30 to December 31 in line with that of its 49.9 per cent shareholder, Tootal of the UK. The final dividend is 3.75 cents a share, making 10 cents for the 18 months, which is amply covered by earnings a share of 29 cents for the period.

Despite the gain, the directors are hoping for further improvement. They said the return on funds of 6.2 per cent was still not very impressive. The profit for the 18 months was achieved on a turnover of A$299m (US$327m).

PENSIONS BUSINESS

Continued expansion for L & G

CONTINUED GROWTH last year is reported by Legal and General (Pensions Management), a member of the Legal and General Group. Total funds under management rose by £290m to £1.27bn at the end of 1979, with the number of client pension funds investing in the funds rising from 432 to 500.

Pensions contributions received during last year amounted to £127m and, including investment income, the company invested £220m of new money for clients, compared with £183m previously.

The mixed fund, of equities and fixed interest stocks, improved by £110m in value to £630m, with the unit price rising by 3.5 per cent.

The fund manager points out that the percentage of the fund invested in UK equities was allowed to fall from 52.1 per cent to 49.4 per cent, while the proportion held in overseas equities was down slightly to 7.38 per cent.

The fixed interest content rose from 37.23 per cent to 40.62 per cent, reflecting the substantial investment made in long-dated gilts—a total of £83m, of which £72m came from new money and £11m from switching out of short and medium stocks.

A net amount of £43m was invested in UK equities, and the fund invested £5m in Japanese equities.

The property fund also had a successful year, rising in value by £141m to £557m, with the unit price advancing by 17.5 per cent. The property portfolio at end-1979 amounted to £531m and gross rental income rose from £20m to £25m.

During the year the fund acquired 17 properties in the UK involving over £50m, with a further £17.5m being spent on development schemes. The fund has eight projects under development.

The fund made investments last year in the U.S. and Holland, the first overseas property investments by L and G.

The fixed interest fund improved in value from £40.2m to £42.6m, with a 3.5 per cent advance in unit price. But the equity fund declined in value from £32.6m to £30.8m, despite a 7.4 per cent rise in unit price. This drop arose from transfers to other funds.

The company has been recommending a holding of about two-thirds mixed and one-third property for clients leaving the investment management to L and G. But over the last few months, it has been advising that all new money should be invested in the mixed fund to take advantage of the depressed market.

Prudential funds over £500m

TOTAL FUNDS under management of Prudential Pensions, the pensions investment management company within the Prudential Assurance Company, rose by over £100m in the 12 months to December 19, 1979, from £384m to £485m, and have since passed the £500m level, reaching £527m on February 20, 1980.

This growth was achieved despite one major client transferring his equity and fixed interest holdings out of the company into a sister company, Prudential Portfolio Managers.

The number of pension fund clients using Prudential Pensions rose during the year to 200 (178), while contribution income increased from £70m to £83m. Of the 30 new clients in 1979, nine had no previous connection with the company.

The Equity Fund climbed in value from £138.2m to £160.4m with the unit price rising 8.8 per cent. At the end of the year, UK equities accounted for 83 per cent of the fund, with overseas equities a further 14.3 per cent. The fund's UK holdings include certain small quoted and unquoted equities, including Cluff Oil.

The Fixed Interest Fund rose only marginally in value in 1979 to £141.7m, against £138.2m, with a 3.3 per cent increase in unit price. The fund remained fully invested in the long end of the market over the final quarter of the year.

The Property Fund advanced by £40m last year to £183.4m, the unit price jumping 20.5 per cent. The fund is at present fully invested, allowing for committed cash. The portfolio is spread as to 53.5 per cent offices, 30.9 per cent shops, 11.3 per cent industrial and 4.3 per cent agricultural.

For those clients where the Prudential has full discretion over investment the current portfolio distribution is 37.5 per cent equities, 35 per cent fixed-interest and 27.5 per cent property.

APPOINTMENTS

Morgan Grenfell international advisory council

MORGAN GRENFELL HOLDINGS has expanded its advisory council which will now be known as the international advisory council, to reflect the international expansion of the group. Lord Catto, chairman of Morgan Grenfell Holdings, will become chairman of the council. Mr. J. E. H. Collins, Mr. J. Kraaijeveld van Hemert and Mr. S. Miyake join Sir Kenneth Barrington, M. Alexandre Hay, Lord O'Brien of Lothbury and Lord Taylor of Gryfe, existing members of the council. After 53 years with the group, Sir Wilfred Hill-Wood has resigned from the council but will remain an adviser to the company. Mr. Collins retired as chairman of Morgan Grenfell Holdings on December 31, 1979. He is chairman of Guardian Royal Exchange Assurance. Mr. Kraaijeveld van Hemert is president of the executive board of the Royal Bos Kalis Westminster Group NV and has various other directorships in the Netherlands. Mr. Miyake is chairman of the Tokai Bank and president of the Nagoya Chamber of Commerce and Industry.

★

Mr. A. Brasser, director of FOKKER'S Drechtsteden plant, will retire on July 1. Mr. F. C. Wevers, director technology of that plant, becomes full-time project-manager in charge of Fokker's technical automation administrative procedures. Mr. A. van Wijlen takes over direction at Drechtsteden on March 15. Mr. J. Cornelis has been appointed project manager of the Fokker F29 programme. As head of Fokker's design department he is succeeded by Professor J. G. ten Asbroek on a temporary basis. Mr. C. P. Verwey has joined the company as head of the department of external relations.

★

Mr. Clement J. Richards has been appointed managing director of HERBERT TERRY AND SONS, a member of the Barnes Group, of the U.S. He was previously with Plessey Company.

★

Mr. Mike Holt, Mr. Gary Allen and Mr. Jack King have become senior executives of ANGLIA FORWARDING (STRATFORD) following the recent appointment of Mr. Ian Fowlds as director.

★

Election of officers by the Council of the INSTITUTE OF ACTUARIES, to take effect from the close of the annual meeting on June 30, are as follows: Mr. A. R. N. Ratcliff, president; Mr. E. A. Johnston, Mr. F. B. Corby, Mr. M. H. Field and Mr. D. E. Fellows, vice-presidents; Mr. M. J. Burns, treasurer; Mr. F. R. Wales and Mr. R. D. Corley, honorary secretaries.

★

EQUITY AND LAW LIFE ASSURANCE SOCIETY has made the following appointments from March 28: Mr. P. W. Ford, assistant branch manager, Farnham; Mr. M. W. Mead, an assistant secretary; and Mr. A. E. Lynas, assistant branch manager, Cardiff.

★

C. E. HEATH AND CO. (AVIATION) has made the following appointments: Mr. T. J. Poole, an executive director with responsibility for claims and administration; Mr. R. L. Macro, an additional director; and Mr. P. M. Spicer, an assistant director.

★

DAVY-LOEWY states that Mr. Roy Tazzyman has been appointed financial director of Loewy-Robertson and he also takes over the position at Loewy-Wrightson Group.

★

Two appointments in London at the BANK OF MONTREAL are Mr. Alexander S. Yankovich, as vice-president, loan syndication department; and Mr. Gordon McKechnie, project - related finance officer of that department. In Toronto, Mr. Edward L. Mercaldo has been made senior vice-president, international banking, Canada.

★

Mr. Derham C. O'Neill has been appointed managing director of BROWN SHIPLEY FUND MANAGEMENT.

★

Mrs. S. M. Carter has been appointed a director of CHAPMAN AND CO. (BALHAM) and continues as secretary.

★

Mr. Fraser Murray has been appointed deputy general manager of BANQUE NATIONALE DE PARIS LTD.

★

Mr. Geoffrey A. Young, Bristol area director since 1975, has been appointed deputy regional director of NATIONAL WESTMINSTER BANK'S West End Region, succeeding Mr. Eric Ratcliffe on his retirement. Mr. W. Arthur Young is the regional executive director.

★

Mr. L. C. T. Cottrell is to join the Board of ESTATES PROPERTY INVESTMENT COMPANY.

★

Mr. P. H. Martin has been appointed a director of the SOLICITORS' LAW STATIONERY SOCIETY.

Bank Hapoalim B.M.

Notice is hereby given that an Extraordinary General Meeting of the shareholders of the Bank will be held at the Head Office of the Bank, 50 Rothschild Blvd. Tel Aviv, Israel, at 12.00pm on 2nd April 1980 for the purpose of passing special resolutions as follows:

A. To increase the authorised share capital of the Bank by creation of 2,000,000,000.–(two thousand million) ordinary shares of IL1.00 (one Israeli pound) each.

B. To cancel the possibility of varying the rights attached to any class of shares through consent in writing.

C. To cancel the obligation to publicise notices in the U.K.

Holders of share warrants to bearer of the Bank may attend the meeting and vote thereat on depositing the said warrants at the offices of the Bank not later than 12.00pm 31st March 1980, and such warrants will be retained in custody until the termination of the meeting.

Foreign residents may deposit share warrants to bearer, and owners of bearer shares in the U.K. may arrange for authorised depositories holding share warrants to bearer on their behalf, to transfer the warrants on the same conditions as mentioned above to the London and Manchester branches of Bank Hapoalim.

If within half an hour from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to 9th April 1980, 12.00pm at the Head Office of the Bank, without any duty on behalf of the Board of Directors to give notice thereof to members. If at such adjourned meeting, within half an hour from the time appointed for the meeting, a quorum is not present, the members present shall form a quorum and may transact the business for which the meeting was called.

By order of the Board of Directors,
Gideon Eilat, Secretary

Companies and Markets

CURRENCIES, MONEY and GOLD

$ & £ strong

The dollar moved up in late trading, after showing a weaker trend during the early part of the day. It opened around DM 1.8150 against the D-mark, and fell to DM 1.8050, but closed at DM 1.8120, compared with DM 1.8095 previously. The U.S. currency also finished slightly below the best level of the day against the Swiss franc, at SwFr 1.7350, unchanged from Monday. Trading was calm with no sign of heavy intervention by central banks. On Bank of England figures, the dollar's trade-weighted index was unchanged at 87.4.

There was also good demand for sterling in the afternoon, following the opening of the New York market. The pound began the day at $2.2160-2.2170, its lowest level, but rose to $2.2210-2.2220, before easing to $2.2185-2.2195 at noon. By mid-afternoon sterling was at a peak of $2.2320-2.2330, but declined towards the close as the dollar improved generally, to finish at $2.2265-2.2275, a rise of 1.05 cents on the day. The pound's index, as calculated by the Bank of England, rose to 72.2 from 71.9, after standing at 72.0 at noon and in the morning.

D-MARK—Steady within the European Monetary System, but weaker against dollar following sharp upward movement in U.S. interest rates—The D-mark improved against most of its EMS partners but fell against the dollar, sterling and the Swiss franc. The Bundesbank sold only $12.05m at the Frankfurt fixing as the dollar rose to DM 1.8088 from DM 1.8045. The U.S. currency was helped by anticipation of anti-inflation measures from Washington, but after touching DM 1.8145 in the morning lost ground on profit taking. The Belgian franc was particularly weak within the EMS, reflecting rumours of a devaluation.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation—The franc remained weak, falling against most currencies in the EMS plus the dollar sterling and the Swiss franc at the Brussels fixing. Recent intervention to support the franc by the Belgian National Bank has been estimated at BFr 20bn, including around BFr 1.5bn last Friday. The rise to 12 per cent in the bank rate two weeks ago has had little impact, and speculation continues about a possible devaluation of the franc.

FRENCH FRANC—Showing further strength around the top of EMS—The franc was firm within the EMS, roughly level with the Dutch guilder as the strongest currency. French interest rates continued to rise with Paris call money at its highest level for over five years, and an increase to 13½ per cent from 12½ per cent in commercial bank base rates.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March—The krone lost ground to the dollar, sterling, yen, Swedish krona and Norwegian krone at the Copenhagen fixing, but improved against members of the EMS. The D-mark, French franc, lira, guilder, Belgian franc and Irish punt all declined against the Danish currency, while the dollar was fixed at DKr 5.6650, compared with DKr 5.6420 and sterling at DKr 12.5475, compared with DKr 12.5220.

JAPANESE YEN — Energy problems reflected in sharp decline last year, which after a slight pause has been renewed, resulting in a support package and heavy central bank intervention—The yen showed little change in moderate Tokyo trading without any apparent support from the Bank of Japan. The dollar rose to Y247.97½ from Y247.72½, helped by news of a further large rise in Japanese wholesale prices during February. Earlier the yen had shown a firmer trend on speculation about another rise in Japan's discount rate.

THE DOLLAR SPOT AND FORWARD

March 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2160-2.2330	2.2265-2.2275	0.05c pm-0.05 dis	—	0.27-0.37dis	−0.57
Ireland†	2.0270-2.0430	2.0320-2.0400	0.15-0.05c pm	0.59	0.20-0.40dis	−0.68
Canada	1.1638-1.1658	1.1635-1.1641	0.44-0.38c pm	4.27	1.07-0.97 pm	3.50
Nethlnd.	1.9940-1.9967	1.9943-1.9953	1.22-1.15c pm	7.16	3.33-3.23 pm	6.61
Belgium	29.35-29.42½	29.39-29.40	6-4c pm	2.04	20-17 pm	2.52
Denmark	5.6470-5.6500	5.6665-5.6690	1.25-1.75ore dis	−3.18	3.25-3.75dis	−2.46
W. Ger.	1.8050-1.8150	1.8115-1.8125	1.53-1.43pf pm	9.80	4.18-4.08 pm	9.12
Portugal	48.92-49.08	48.93-49.03	3-13c dis	−1.96	10-40 dis	−2.04
Spain	67.40-67.72	67.65-67.70	40-60c dis	−8.87	110-125 dis	−7.24
Italy	840.50-841.25	840.75-841.05	0.3-0.8 lire dis	−0.78	3.3-3.75 dis	−1.60
Norway	5.0030-5.0080	5.0030-5.0040	2.00-1.50ore pm	4.20	6.05-5.55 pm	4.64
France	4.2260-4.2435	4.2355-4.2370	1.52-1.42c pm	4.17	4.35-4.15 pm	4.02
Sweden	4.2760-4.2890	4.2760-4.2770	1.60-1.40ore pm	4.21	7.60-7.40 pm	7.01
Japan	246.00-247.85	247.05-247.15	1.05-0.80y pm	4.73	2.80-2.65 pm	4.41
Austria	12.921-12.949	12.931-12.938	10.00-9.40gro pm	9.00	30.50-29.50pm	9.12
Switz.	1.7250-1.7380	1.7345-1.7355	2.00-1.90c pm	13.49	5.11-5.01 pm	11.66

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

March 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2160-2.2330	2.2265-2.2275	0.05c pm-0.05 dis	—	0.27-0.37dis	−0.57
Canada	2.5800-2.6000	2.5925-2.5935	1.05-0.95c pm	4.63	2.05-1.95 pm	3.04
Nethlnd.	4.40-4.44	4.42¼-4.43¼	3-2c pm	6.77	7-6 pm	5.87
Belgium	65.15-65.55	65.40-65.50	15-5c pm	1.83	35-25 pm	1.83
Denmark	12.53-12.62	12.59-12.60	1½-3½ore dis	−2.38	8¼-10 dis	−2.90
Ireland	1.0865-1.0930	1.0910-1.0920	0.03p pm-par	0.16	0.04 pm-par	0.07
W. Ger.	4.00-4.05	4.03¼-4.04¼	3½-2½pf pm	10.03	8¼-8¼ pm	8.67
Portugal	108.70-109.70	109.10-109.30	par-35c dis	−1.85	30-105 dis	−2.47
Spain	149.90-151.05	150.50-150.60	80-105c dis	−8.38	215-270 dis	−6.44
Italy	1865-1875	1872-1874	7-8½ lire dis	−2.36	10½-12½ dis	−2.40
Norway	11.10-11.18	11.14¼-11.15¼	7½-7½ore pm	8.07	11¼-10 pm	3.90
France	9.39-9.46	9.42½-9.43½	3½-2½c pm	4.13	8¼-7¼ pm	3.39
Sweden	9.50½-9.55½	9.52-9.53	4-2ore pm	4.25	11¼-10 pm	4.57
Japan	547-555	550-551	2.25-1.95y pm	4.58	5.75-5.40 pm	4.05
Austria	28.70-28.90	28.78-28.83	25-15gro pm	3.37	70-60 pm	9.03
Switz.	3.83-3.87½	3.86-3.87	4½-3½c pm	12.81	11¼-10¼ pm	11.00

Belgian rate is for convertible francs. Financial franc 67.40-67.50. Six-month forward dollar 0.22-0.32c dis. 12-month 0.15-0.05c pm.

CURRENCY RATES

Mar. 10	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.583091	0.624892
U.S. $	13	1.29104	1.38507
Canadian $	14	1.50567	1.60710
Austria Sch.	5¾	Unavail	17.9574
Belgian F	12	37.8113	40.5826
Danish K	11	7.27653	7.81458
D'Mark	7	2.32986	2.50144
Guilder	9	2.55497	2.79981
French Fr	9½	5.45271	5.85193
Lira	15	1082.54	1161.38
Yen	7¼	320.049	343.470
Norwgn. Kr	9	6.46036	6.93713
Spanish Pta	8	87.1994	93.5616
Swedish Kr	10	5.53591	5.93393
Swiss Fr	3	2.22869	2.39299

CURRENCY MOVEMENTS

Mar. 11	Bank of England Index	Morgan Guaranty changes %
Sterling	72.2	−33.6
U.S. dollar	87.4	− 6.3
Canadian dollar	81.5	−16.4
Austrian schilling	136.0	+24.4
Belgian franc	114.4	+13.1
Danish kroner	107.2	−3.9
Deutsche mark	135.8	+45.1
Swiss franc	192.1	+73.8
Guilder	125.8	+20.5
French franc	100.9	−6.3
Lira	54.5	−50.0
Yen	116.0	+14.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Mar. 11	£	$		Note Rates
Argentina Peso	3521-3541	1715-1732	Austria	28.65-28.90
Australia Dollar	2.0290-2.0330	0.9120-0.9125	Belgium	67.25-67.80
Brazil Cruzeiro	103.54-104.54	46.50-46.90	Denmark	12.47-12.54
Finland Markka	8.44-8.47	3.8115-3.8135	France	9.34-9.40
Greek Drachma	87.462-89.554	39.45-39.50	Germany	4.00¼-4.03
Hong Kong Dollar	11.06-11.08	4.9700-4.9730	Italy	1850-1900
Iran Rial	—	—	Japan	548-555
Kuwait Dinar (KD)	0.609-0.619	0.2757-0.2758	Netherlands	4.39¼-4.42
Luxembourg Frc.	65.40-65.50	29.38-29.40	Norway	11.09-11.16
Malaysia Dollar	4.9000-4.9110	2.2030-2.2050	Portugal	105-112
New Zealand Dlr.	2.3105-2.3155	1.0385-1.0395	Spain	146-153¼
Saudi Arab. Riyal	7.37-7.47	3.3380-3.3430	Sweden	9.49-9.55
Singapore Dollar	4.8885-4.8935	2.1950-2.1970	Switzerland	3.83½-3.85½
Sth. African Rand	1.7995-1.8005	0.8080-0.8085	United States	2.21¾-2.224
U.A.E. Dirham	8.25-8.35	3.7405-3.7425	Yugoslavia	50¼-52

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6222	+2.09	+1.52	±1.53
Danish Krone	7.72336	7.80979	+1.12	+0.55	±1.64
German D-Mark	2.48208	2.50137	+0.78	+0.21	±1.125
French Franc	5.84700	5.85336	+0.11	−0.46	±1.3557
Dutch Guilder	2.74362	2.74729	+0.13	−0.44	±1.512
Irish Punt	0.668201	0.67[illegible]	[illegible]	[illegible]	±1.668
Italian Lira	1157.79	1163.20	+0.47	+0.41	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Mar. 11	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.227	4.038	550.5	9.430	3.865	4.430	1875.	2.593	65.45
U.S. Dollar	0.449	1.	1.815	247.2	4.235	1.736	1.990	841.7	1.164	29.39
Deutschemark	0.248	0.552	1.	136.3	2.341	0.957	1.097	464.3	0.642	16.21
Japanese Yen 1,000	1.817	4.045	7.334	1000.	17.17	7.021	8.047	3405.	4.710	118.9
French Franc 10	1.058	2.357	4.272	582.6	10.	4.090	4.688	1984.	2.744	69.26
Swiss Franc	0.259	0.576	1.045	142.4	2.445	1.	1.146	485.0	0.671	16.95
Dutch Guilder	0.225	0.503	0.911	124.3	2.133	0.872	1.	423.1	0.585	14.77
Italian Lira 1,000	0.533	1.188	2.154	293.7	5.041	2.062	2.363	1000.	1.383	34.92
Canadian Dollar	0.386	0.859	1.557	212.3	3.644	1.491	1.708	722.9	1.	25.24
Belgian Franc 100	1.528	3.403	6.169	841.1	14.44	5.905	6.769	2864.	3.962	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.60-17.70 per cent; three-months 18.15-18.25 per cent; six months 18.15-18.25 per cent; one year 17.15-17.25 per cent.

Mar. 11	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	16½-16½	16¼-16¾	8½-9½	10½-10⅝	5-5½	7½-7¾	12⅞-13⅛	12½-14½	—	8-10
7 days' notice	17⅛-17⅜	16¼-16⅝	8½-9½	10⅛-10⅜	[illegible]	7¾-8	13-13¼	16-18	16½-16⅝	11⅛-12¼
Month	17⅞-18⅛	17⅝-17⅞	13¼-13½	10⅞-11⅛	[illegible]	8⅛-8⅜	13¼-13⅝	18¼-19¼	17⅜-17⅞	13-13¼
Three months	18¼-18⅝	18¼-18⅝	14¼-14¾	11¼-11⅝	[illegible]	8⅞-9⅛	14¼-14⅜	20-21	18¼-18⅝	13⅜-14
Six months	18¼-18⅝	18⅛-18⅜	14¼-14¾	11⅛-11⅜	[illegible]	9-9¼	15¼-15⅝	20-21	18⅛-18⅜	13⅝-13⅞
One year	17⅞-18	17⅛-17⅜	14⅞-15	12⅛-12⅜	[illegible]	8⅝-8⅞	16⅛-16⅜	21-22	17⅛-17⅜	12⅜-12⅞

Long-term Eurodollar two years 16-16⅝ per cent; three years 15¾-15⅞ per cent; four years 15-15¼ per cent; five years 14¾-14⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgian rates up

The Belgian National Bank announced further rises in Treasury bill rates yesterday, the second such move this month, to counter the continued weakness of the Belgian franc within the European Monetary System. One-month bills have been increased by 0.1 per cent to 15.35 per cent, and two and three-months by 0.2 per cent to a uniform 15.7 per cent. At the same time four-month bond fund paper was raised to 15.70 per cent from 15.25 per cent. Treasury bill rates have now risen four times in the past two weeks, and yesterday's rise increased speculation that the official discount rate would be increased at to-day's weekly central bank meeting.

Within the EMS, the Belgian franc remained the weakest currency and required continued central bank support to remain within its maximum permitted divergence.

Deposit rates for the Belgian franc continued to climb yesterday, with one-month deposits touching 15¼-15½ per cent against 14⅞-15⅛ per cent, and three-month rising to 15¼-16½ per cent from 15¼-15⅞ per cent.

In Paris call money rose above Monday's five and a half year peak of 13⅛ per cent to 13¼ per cent, as liquidity remained extremely tight in the money market. Period rates were also firmer, with six-month money at 14¼-14½ per cent, up from 14-14¼ per cent on Monday.

In Singapore prime rates continued to rise, mainly as a reflection of last week's rise in U.S. prime rates. Banca Commerciale Italiana now has a prime rate of 12 per cent, the highest of any bank in Singapore, while several offshore banks have rates between 12 per cent and 12½ per cent. The four major local banks however, have kept their rates at 10½ per cent for the time being.

GOLD

Further fall

Gold continued to weaken in the London bullion market yesterday, falling $17 to close at $566-571, little different from the closing level on January 2, the lowest finishing point of the year. The metal opened at $578-583 yesterday, the highest level of the day, but declined on steady liquidation, to a low of $553-558.

In Paris the 12½ kilo gold bar was fixed at FFr 79,000 per kilo ($580.60 per ounce), compared with FFr 80,000 ($588.41) in the morning, and FFr 82,250 ($605.71) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,965 per kilo ($559 per ounce), compared with DM 34,830 ($600.53) previously.

	Mar. 11	Mar. 10
Gold Bullion (fine ounce)		
Close	$566-571 (£254-256½)	$583-588 (£263-265¼)
Opening	$578-583 (£260-263)	$605-610 (£272-274¼)
Morning fixing	$569 (£256.279)	$602 (£271.133)
Afternoon fixing	$570.25 (£255.740)	$585 (£263.396)
Gold Coins		
Krugerrand	[illegible]	[illegible]
Maple leaf	[illegible]	[illegible]
New Sovereigns	$144-146	$149-151
King Sov.	$166-169 (£74-76)	$172-174
Victoria Sov.	$166-169 (£74-76)	$172-174
French 20s	$144-147	$145-148
50 pesos Mexico	$690-700	$733-743
100 Cor. Austria	$560-580	$570-590
$20 Eagles	$723-728	$720-725
$10 Eagles	—	
$5 Eagles	—	

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day to day credit remained in short supply in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised small purchases of Treasury bills and a small number of corporation bills, both from the discount houses and banks. The help was made up with small lending to two or three houses at MLR for repayment today. Against the market, banks brought forward balances slightly below target, and there was a small net take up of Treasury bills to finance. Funds were also drained by the unwinding of a previous sale and repurchase agreement of a moderate number of eligible bank bills.

Discount houses were paying up to 16½ per cent for secured call loans at the start, and closing balances were taken between 16½ per cent and 16½ per cent. In the interbank market, overnight loans opened at 16¼-17⅛ per cent and eased to 16¼-16½ per cent before coming back to 16½-17 per cent around noon. Rates then eased to 16¼-16½ per cent before rising to 17-17⅛ per cent at the close.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK
Prime Rate 17¼-18
Fed. Funds [illegible]
Treasury Bills (13-week) 15.34
Treasury Bills (26-week) 14.90

GERMANY
Discount Rate 6
Overnight Rate 8.225
One month 8.75
Three months 9.65
Six months 9.70

FRANCE
Discount Rate 9.5
Overnight Rate 13.25
One month 13.5625
Three months 14.0625
Six months 14.1875

JAPAN
Discount Rate 7.25
Call (Unconditional) 8.5
Bills Discount (three-month) 12

LONDON MONEY RATES

Mar. 11 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	16½-17⅛	—	17⅛-17⅛	—	—	17	16½-17	—	—
2 days notice	—	—	—	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅛-17⅛	17⅛-18	—	—	—	—	—	—	—
One month	17⅛-17⅛	17⅛-17⅛	17⅛-18	18¼-19	18⅛	17⅛-18⅛	16⅛	15⅛	18-18⅛	18⅛
Two months	17⅛-17⅛	17⅛-17⅛	—	18¼-18⅛	18⅛	—	16⅛-16⅛	15⅛	17⅛-17⅛	18⅛
Three months	17⅛-17⅛	17⅛-17⅛	17⅛-17⅛	18⅛-18⅛	18⅛	—	16⅛-16⅛	15⅛	17⅛	17⅛
Six months	17⅛-16⅛	17⅛-17⅛	—	17⅛-17	17⅛	—	—	—	17⅛	16⅛
Nine months	16⅛-16⅛	16⅛-16⅛	—	16⅛-16⅛	17	—	—	—	—	—
One year	16⅛-16⅛	16⅛-16⅛	—	16⅛-16⅛	—	—	—	—	—	—
Two years	—	—	16⅛-16⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15¼-16⅛ per cent; four years 15½-16 per cent; five years 15½-16 per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17¼ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15⅞-15⅞ per cent; two-months 15⅞-15⅞ per cent; three-months 15⅞ per cent. Approximate selling rate for one-month bank bills 17⅞ per cent; two-months 17⅞ per cent; and three months 17⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1211 per cent.

London Clearing Banks' balances

as at February 20, 1980

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1.
AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK banking sector	7,936		− 96	
UK private sector	33,584		−395	
UK public sector	578		+ 60	
Overseas residents	3,642		− 11	
Certificates of deposit	2,028		+209	
		47,767		−233
of which: Sight		18,756		−658
Time (inc. CD's)		29,010		+425
Foreign currency deposits:				
UK banking sector	6,330		−279	
Other UK residents	1,270		+ 75	
Overseas residents	15,949		+668	
Certificates of deposit	1,320		+ 9	
		24,870		+472
Total deposits		72,637		+240
Other liabilities*		10,908		−600
TOTAL LIABILITIES ...		83,545		−360
ASSETS				
Sterling				
Cash and balances with Bank of England		1,403		− 55
Market loans:				
Discount market	2,569		+ 36	
UK banks	10,621		+101	
Certificates of deposit	1,478		+213	
Local authorities	877		− 9	
Other	315		− 48	
		15,861		+293

	Total outstanding £m	£m	Change on month £m	£m
Bills:				
Treasury bills	459		+ 39	
Other bills	913		+ 16	
		1,372		+ 55
Special deposits with Bank of England		102		+ 76
Investments:				
British Government stocks	1,242		−464	
Other	1,579		− 42	
		2,821		−506
Advances:				
UK private sector	25,985		+137	
UK public sector	444		−124	
Overseas residents	3,251		+ 15	
		29,680		+ 27
Other sterling assets*		6,711		−575
Foreign currencies				
Market loans:				
UK banks and discount market	5,561		+ 13	
Certificates of deposit	182		+ 10	
Other	10,717		+ 79	
		16,459		+103
Bills		26		− 9
Advances:				
UK private sector	1,886		+114	
UK public sector	873		− 5	
Overseas residents	5,062		+152	
		7,821		+261
Other foreign currency assets*		1,289		− 30
TOTAL ASSETS ...		83,545		−360
Acceptances		1,138		+186

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Out-standing £m	Change on month £m	BARCLAYS Out-standing £m	Change on month £m	LLOYDS Out-standing £m	Change on month £m	MIDLAND Out-standing £m	Change on month £m	NATIONAL WESTMINSTER Out-standing £m	Change on month £m	WILLIAMS & GLYN'S Out-standing £m	Change on month £m
LIABILITIES												
Total deposits	72,637	+240	20,012	+389	14,191	−273	14,478	+246	21,876	−128	2,081	+ 5
ASSETS												
Cash and balances with Bank of England	1,403	− 55	428	− 24	243	− 38	305	− 13	386	+ 28	41	− 9
Market loans:												
UK banks and discount market	18,751	+151	5,051	+371	3,975	−199	2,970	+405	6,260	−448	495	+ 22
Other	13,569	+245	3,655	+ 85	3,757	+ 29	2,134	− 34	3,692	+163	331	+ 1
Bills	1,398	+ 46	329	+ 71	137	+ 10	443	− 36	450	− 2	38	+ 3
British Government stocks	1,242	−464	229	−113	138	−109	417	− 90	380	−137	78	− 15
Advances	37,501	+289	10,829	+ 70	6,210	+ 31	8,392	+ 74	10,889	+110	1,182	+ 4

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
Eligible liabilities	29,887	−333	9,303	−170	4,842	− 62	6,752	−114	7,991	+ 43	998	− 30
Reserve assets	3,831	− 7	1,196	− 28	611	− 4	889	+ 24	1,007	+ 3	128	− 2
Reserve ratio (%)	12.8	+ 0.1	12.9	—	12.6	+ 0.1	13.2	+ 0.6	12.6	—	12.8	+ 0.1

Banking figures

(as table 4 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Feb. 20, 1980 £m	Change on month £m
Eligible liabilities		
UK banks		
London clearing banks	30,055	−323
Scottish clearing banks	3,267	+ 56
Northern Ireland banks	1,124	+ 35
Accepting houses	2,279	+ 9
Other	7,095	−113
Overseas banks		
American banks	4,751	+140
Japanese banks	359	− 9
Other overseas banks	3,623	+143
Consortium banks	335	+ 13
Total eligible liabilities*	52,889	− 48
Reserve assets		
UK banks		
London clearing banks	3,860	− 1
Scottish clearing banks	422	− 6
Northern Ireland banks	158	+ 4
Accepting houses	319	− 1
Other	943	− 27
Overseas banks		
American banks	626	− 2
Japanese banks	51	− 5
Other overseas banks	529	+ 17
Consortium banks	57	+ 3
Total reserve assets	6,965	− 18
Constitution of total reserve assets		
Balances with Bank of England	574	− 37
Money at call:		
Discount market	3,553	− 39
Other	247	− 24
UK, Northern Ireland Treasury Bills	905	+104
Other bills:		
Local authority	174	+ 3
Commercial	979	+ 23
British Government stocks with one year or less to final maturity	532	− 50
Other	—	—
Total reserve assets	6,965	− 18
Ratios %		
UK banks		
London clearing banks	12.8	+ 0.1
Scottish clearing banks	12.9	− 0.04
Northern Ireland banks	14.1	—
Accepting houses	14.0	− 0.1
Other	13.3	− 0.2
Overseas banks		
American banks	13.2	− 0.4
Japanese banks	14.2	− 1.1
Other overseas banks	14.6	− 0.1
Consortium banks	16.9	+ 0.1
Combined ratio	13.2	—
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	140	− 59
Finance houses		
Eligible liabilities	496	+ 34
Reserve assets	50.4	+ 1.5
Ratio (%)	10.1	− 0.5

Special deposits at February 20 were nil (unchanged) for banks and nil (unchanged) for finance houses. * Interest-bearing eligible liabilities were £35,882m (up £453m).

INTERNATIONAL COMPANIES and FINANCE

RESOURCES SHARES SALE . . .

Kaiser attracts a wide audience

BY IAN HARGREAVES IN NEW YORK

AN OFFER by Kaiser Resources, the Vancouver-based natural resources company, to buy 9m of its own shares for C$44 each has been greatly oversubscribed.

The company says that it received sale offers for 18.7m shares, and would therefore purchase 48 per cent of the shares tendered by each shareholder. This means that Kaiser Steel, the Californian integrated steelmaker which wanted to sell its entire holding in Kaiser Resources, will still have a near 17 per cent stake.

This stake, amounting to 4.5m shares, could now be sold to British Columbia Resources Investment in a deal which would be worth around C$200m.

Kaiser Steel has made it clear that it still wants to sell its holding in Kaiser Resources to provide cash for unspecified corporate purposes.

There has been speculation ever since Mr. Edgar Kaiser was elected chairman of the steel company last August that his intention was to liquidate the company entirely.

Mr. Kaiser is also head of the Vancouver resources company, whose chief interests are in coal following the sale last month of most of its oil and gas activities to Dome Petroleum for C$700m.

One of Mr. Kaiser's first moves as chairman of Kaiser Steel was to open talks with Nippon KK, the major Japanese steel company, on the sale of some Kaiser assets to the Japanese. Kaiser Resources has had a long connection with Nippon KK as a supplier of coal, but the proposed asset sale came to nothing following a Japanese survey of the condition of the steel company's plant.

Kaiser steel operations lost U.S.$39m last year. Kaiser Resources U.S.$61.7m on sales of U.S.$484m.

. . . AND A POSSIBLE PURCHASER

BCRIC begins to flex its muscles

BY ROBERT GIBBENS IN MONTREAL

BRITISH COLUMBIA Resources Investment Corporation (BCRIC), which was designed by the British Columbia Government of William Bennett to take over forest and energy holdings acquired by the previous Barrett New Democrat government, is beginning to flex its muscles.

Mr. Bennett, British Columbia's premier, last year used BCRIC in its other role of encouraging investment by the people of the province in their own industry, and proceeded with a giveaway of BCRIC shares to residents, and a share sale which raised nearly C$500m in new money—far more than was ever expected.

The company is still partly-owned by the Government, and has some similarities with the Alberta Energy Corporation, which was designed to encourage Albertans' investment in and ownership of their energy and petrochemical industries, and the Canada Development Corporation, which the Trudeau Government set up nearly a decade ago with the intention of building up Canadian-owned corporations in the natural resources and manufacturing fields. The latter's major holding is one-third of Texasgulf, the U.S.-based minerals giant with major interests in Canada.

BCRIC's cash has grown to nearly C$600m, and the company has bought the Canadian Pacific Group's 13.4 per cent holding in Canada's largest forest products group, MacMillan Bloedel, based in Vancouver, for near C$100m. BCRIC will probably also pick up a further 1 per cent of MacMillan's stock from Canadian Pacific Pension Funds, and it is thought that it may seek further blocks to bring its total stake to about 20 per cent. This would be the largest single holding, and would constitute effective control.

Not much more than a year ago, Premier Bennett stepped into a bidding war between MacMillan, Domtar, the major Montreal-based pulp and paper and building materials concern, and the Canadian Pacific group. CP had held its MacMillan block for around 10 years, and wanted to protect its interest. In the end, Mr. Bennett declared that control of MacMillan should remain in British Columbia, and the status quo was restored.

Canadian Pacific expects to make a profit of about C$ 17m on the sale of its important holding in MacMillan. The future of certain longstanding links in the sea transport field is not clear.

It would cost BCRIC somewhere around C$ 150m in all to get its MacMillan stake up to around 20 per cent.

Mr. David Helliwell, BCRIC's president, also raised the possibility of the company taking a major stake in Kaiser Resources, the major coal producer in the west which recently sold out its Canadian oil subsidiary to Dome Petroleum for several hundred million dollars. It is currently controlled by the Kaiser family interests in the U.S. In effect, BCRIC took an option to buy a 24 per cent interest in Kaiser Resources, for 45 days, costing around C$ 100m. But after criticism that he was building up a "giant mutual fund," he suggested last weekend that he might not take up the option.

The Kaiser deal, critics have suggested, would give BCRIC only the second largest holding in the company, and a consortium of Japanese steel mills, who are the main customers for Kaiser's coal, would end up having about 40 per cent and effective control. The critics also charged that BCRIC is proposing to pay much too high a premium over market price.

The outcome is not yet clear, but if the Kaiser deal is dropped BCRIC will still have between C$400m and C$450m available in cash, with its borrowing powers undisturbed, to pursue "other alternatives up our sleeve," as Mr. Helliwell puts it.

Strong advance by Coopers & Lybrand

By Our New York Staff

COOPERS AND LYBRAND, one of the world's largest accounting firms, saw earnings increase by almost 16 per cent to $172m last year. Growth was strongest outside he U.S. and worldwide sales were up 18 per cent to $711m. In the past five years, Coopers has experienced adverage annual sales growth of 17 per cent.

The company expanded its 90-country operation last year with new associations with firms in the Philippines and West Germany. This growth was partly offset by the reduction in strongest outside the U.S. and from member to correspondent.

Foreign revenues were up by 21 per cent last year, compared with U.S. growth of 16 per cent. About 70 per cent of the revenues come from accounting and auditing, with a further 18 per cent from tax services and 12 per cent from management consulting.

At the close of last year Coopers had a payroll of over 23,000, including 1,830 partners, compared with 1,760 partners at the end of 1978.

Republic Airlines bids for Howard Hughes carrier

BY OUR NEW YORK STAFF

REPUBLIC AIRLINES, one of the largest regional carriers in the U.S., is attempting to buy Hughes Airwest, the airline owned by the Howard Hughes organisation.

No details were offered of the negotiations by either side, but if it goes through the deal will take Republic into the big league of U.S. airlines with revenues in excess of $1bn.

Analysts believe the value of the transaction would be about $100m, but it is difficult to make an estimate because of the secrecy which surrounds the financial affairs of the San Francisco-based Airwest, which is one of the companies held by the Summa Corporation on behalf of the Hughes estate.

The reorganisation of the Hughes business activities since the death of the recluse millionaire four years ago has proved to be a massive task, complicated by the threat of huge posthumous tax liabilities.

Airwest has been profitable every year since Mr. Hughes acquired it in 1970, with the exception of last year when a 61-day strike dragged it into a loss of $21.6m on sales of $312m.

Republic, based in Minneapolis, earned $13.1m on sales of $600m last year, although it lost money in the final quarter when traffic started to decline.

The merger appears to make sense in geographic and equipment terms. Both carriers fly Boeing 727s and McDonnell Douglas DC-9s. Airwest is strongest in the Western states, Republic in the upper mid-west and South-east. Republic also serves Canada and the Caribbean and is attempting to make a breakthrough into the European market with its application for the hotly contested Miami-London route rejected by National on its merger with Pan American.

Republic itself was the product of a merger last year between North Central Airlines and Southern Airways. It blamed its final quarter loss last year on non-recurring costs associated with the merger.

Progress in IBM suit talks

BY STEWART FLEMING IN NEW YORK

AFTER SEVERAL months of negotiations, the U.S. Justice Department and International Business Machines (IBM) the world's leading computer manufacturer, appear to be moving towards an agreement over procedural rules to govern negotiations aimed at settling the 11-year-old anti-trust suit against IBM.

Mr. Benjamin Civiletti, the U.S. Attorney General has told Reuters in an interview that "We have about come to a satisfactory resolution of the ground rules on which discussion of the merits of the case can begin."

This is the first indication of progress towards a breakthrough in the procedural negotiations. If it is achieved, the Justice Department is suggesting that with a few months of beginning serious talks on the merits of the case, it should be able to form a judgment about whether an out of court settlement is possible.

The Justice Department's views are typical of the optimism which the department is exuding on the possibility of settling the case it has brought, which seeks the break-up of IBM.

AT & T and Wyly in settlement

BY OUR NEW YORK CORRESPONDENT

IN A further move to settle outstanding anti-trust complaints against it, American Telephone and Telegraph has reached an out of court agreement with Wyly Corporation over allegations that AT & T had monopolised the data transmission service market anti-trust laws by instituting unreasonably low rates for their transmission services.

The move follows the news last month that AT & T had reached agreement on another of the major anti-trust cases brought against it. In an out of court settlement with International Telephone and Telegraph, AT & T opened up the possibility of purchasing up to $2bn of telecommunications equipment from ITT over the next decade.

Under the terms of its settlement with Wyly, AT & T has agreed to make a payment of $50m in return for the agreement to dismiss anti-trust claims.

CanPac profit amended

By Robert Gibbens in Montreal

CANADIAN PACIFIC has revised its profit for 1979 to C$ 503.1m or C$ 7.06 a share for 1979, against a preliminary unaudited figure of C$ 511m or C$ 7.11 a share released a month ago.

This reduction, says the company, reflects the accrual of deferred income in a container shipping operation. The decision was based on an anlysis completed after the preliminary report.

The 1979 figures compared with C$ 349.8m or C$ 4.85 a share in 1978.

Record earnings for Wal-Mart

BY OUR FINANCIAL STAFF

SHARPLY HIGHER fourth quarter profits are reported by Wal-Mart Stores, the rapidly expanding chain of discount stores. Net earnings increased by 47.7 per cent from last year's corresponding $10.9m to $16.1m, or from 71 cents to $1.05 a share. Sales over the same period rose 36 per cent from $307m to $417.2m.

This brings net earnings for the fiscal year ended January 31 last to a record $41.15m or $2.61 a share, almost 40 per cent up on 1978's $29.45m or $1.93m a share. Annual revenues increased by 39 per cent, from $900.3m to $1.25bn.

The costing of stocks under the Lifo method reduced net income in 1979 by $9.21m or 60 cents a share, compared with $4.21m or 28 cents.

Wal-Mart, which sells a broad range of general merchandise in 11 states with heaviest concentration in Missouri, Arkansas and Oklahoma, is planning further major expansion. Mr. Sam Walton, chairman, said the company is to open around 50 new Wal-Marts and continue its renovation - remodelling programme for its older stores.

MGM explains spin-off

CULVER CITY — Metro-Goldwyn-Mayer, the films, TV and motels group, plans to hold a special shareholders' meeting on May 30 to act on the proposed spin-off of the shares of its film operations into a separate company. The new company will be called Metro-Goldwyn-Mayer Film Company. Hotel and gaming operations will be conducted by the present MGM which would change its name at the time of the spin-off to MGM Grand Hotels.

AP-DJ

CAPITAL MARKETS

Widespread gains in Eurobonds

By Peter Montagnon

INTERNATIONAL BOND markets had their best day for several weeks yesterday, with gains reported in all three major currency sectors.

Dollar Eurobonds posted average rises of about ⅜ point, although some issues advanced by well over one point as the market continued to anticipate a strong anti-inflation package in the U.S.

Dealers noted that liquidity is building up in the dollar sector, while the market is also underpinned at the moment by the strength of the U.S. currency on foreign exchanges. The slight decline in Eurodeposit rates yesterday may also have helped, but trading remained basically professional, with fund managers still apparently preferring high-yield short-term investments.

While the market generally welcomes the period of consolidation that is now emerging, there is also some concern that too much anticipatory buying ahead of the U.S. package could simply lead to renewed declines if the measures taken turn out to be less far-reaching than is currently foreseen.

In the Deutsche-Mark sector, prices rose by an average ½ point in heavy trading as good quality names, yielding nearly 10 per cent in some cases, attracted interest. However, most participants agreed that this was likely to be fairly short-lived. The interest rate differential with dollars would need to fall by at least a full percentage point to keep the market from falling further, they said.

In the Swiss franc sector, prices also rose by an average ½ point. Trading volume was described as moderate.

Czechoslovakia seeks loan

By Our Euromarkets Staff

CZECHOSLOVAKIA has been holding "intensive discussions" with Western banks in recent weeks with a view to raising a medium-term credit for the *Czechoslovak Trade Bank*, according to bankers in Vienna.

However, no firm decisions on amount and terms have yet been taken. Indeed, with Libor rates at record levels and the question mark over lending to Eastern Europe still posed by the Soviet incursion into Afghanistan: some banks have recommended delaying the award of a mandate until the market settles down.

A particular indicator in this respect will be progress of the *$250m seven-year* credit for the Hungarian National Bank now being arranged by Manufacturers Hanover.

The mandate for this loan was awarded three weeks ago and the management group is still *not yet* formed, although it is understood details could be finalised within a few days.

The loan carries a spread of ½ point over U.S. prime rate for the first five years, rising to ⅝ point thereafter. A number of *Euromarket bankers* commented that such terms seemed very fine, even for a highly rated East Europe borrower such as Hungary.

More time is still needed to gauge how correctly the loan was priced, however, and only then will it in turn be possible to set realistic conditions for Czechoslovakia.

For their part the Czechs could vary the amount they borrow in accordance with the terms offered. If the terms are judged very favourable, the amount could be as much as $250m, though the higher the spread, the smaller the likely deal.

At the moment bankers in other Eurocentres are talking in terms of a credit of some $150m over eight years.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on March 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	78⅜	79⅜	+1⅛	+0⅛	14.19
Alex Howden XW 9½ 91	30	†70	72	0	0	14.97
Australian Res. 9⅝ 84...	30	84⅞	85⅞	+1	0	14.47
Avco O/S Cap. 10¼ 87	40	76⅜	76⅞	+0½	+2⅛	15.91
Beneficial Fin. 9⅞ 87 ...	100	79	79½	+0½	−1	14.49
CECA Grad. Rate 12 86	100	88⅞	89⅜	+0⅜	0	14.57
CECA 11⅞ 90	50	84¼	85	+1	+0⅛	14.65
[illegible] Pacific 9⅞ 89	50	78⅛	78⅝	−0⅛	+0⅛	14.07
Carter Hawley 9⅞ 86 ...	50	81⅛	81⅝	+1½	+0⅛	14.37
Comalco Inv. E. 10¼ 91	40	78¼	78¾	+1	−0⅛	14.13
Continental Grp. 9⅝ 86	100	80¼	80¾	+0½	−0½	14.52
Dome Petroleum 10 94	50	74⅝	75⅛	+1⅛	−0¼	14.16
Dominion Bridge 10¼ 84	30	87⅜	87⅞	+0½	−0⅛	14.28
EIB 11⅞ 92	80	83⅝	84⅛	+1¼	+0⅞	14.68
EIB 10¼ 87	100	†81⅛	82⅛	+0⅛	−0½	14.74
EIB 10.15 99	100	†71¼	73⅛	0	−1⅞	14.96
Ekoportfin 11⅛ 87	50	87¼	87¾	+0⅜	0	14.20
Export Dv. Cpn. 9⅛ 84	100	84¼	84⅜	+0¼	−0⅛	14.71
Export Dv. Cpn 9⅛ 84	150	84⅞	84⅜	+0¼	−⅞	14.71
Finland 9⅝ 89	100	75¼	75¾	+0½	−1	15.02
GTE Finance 9⅞ 89 ...	55	78⅛	78⅝	+1⅛	+0½	14.02
GMAC 9¼ 86	100	80½	81	+0⅜	−0¼	14.04
GMAC O/S Fin. 11 84	100	89⅛	89⅝	+0⅜	−1⅛	14.18
Gould Int. Fin. 9⅞ 85...	50	83¾	84¼	+0½	−0⅜	14.48
ITT Antillas 9½ 89	75	†75	76½	+0⅜	−0⅜	14.56
Kennecott Int. 9½ 86...	100	78½	79	+0½	+0⅜	14.98
Manitoba 9½ 89	75	77½	78	+0⅛	−0⅛	13.99
Michelin 10 94	125	71⅝	72⅛	+0⅛	−0⅜	14.79
Nat. Des. Telecm. 9⅛ 86	100	81¼	81¾	+1⅛	+0⅞	14.11
New Brunswick 9⅞ 94	75	73⅝	74⅛	+1⅛	+0⅛	14.13
Newfoundland 10 94 ...	50	74½	75	+2⅛	+1⅛	14.26
Norges Komm. 9⅞ 99...	100	†71	71½	+1	−1	14.79
Norway 9½ 84	150	85¼	85¾	+0⅛	0	14.36
Nova Scotia Pwr. 9⅞ 89	50	77¾	78¼	+0⅜	−0⅛	14.16
Occidental Fin. 10¼ 84	50	86⅛	86¾	−0½	0	14.73
Orient Leasing 9½ 86...	25	77⅝	78⅛	+0⅛	−0½	15.16
Pennwalt O/S F. 9⅞ 84	25	84⅛	84⅝	+0⅛	−0¼	14.96
Pepsico Cap. 9⅛ 84 ...	100	85⅛	85⅝	+0½	−1⅛	14.32
Quebec Hydro 10 99 ...	75	71⅞	72¼	+1¼	+1⅛	14.33
Sears Roebuck 9 82 ...	150	89¾	90¼	+0⅛	−0⅛	15.35
Statoil 9⅞ 89	100	77¾	78¼	+0⅛	+0¼	13.94
Sweden 9⅞ 89	100	78½	79	+0½	+0⅜	14.00
Sweden 9½ 86	200	81⅞	82⅜	+0⅜	−0½	14.54
Sweden 9⅜ 84	100	85¼	85¾	+0⅛	−0⅛	14.35
Unilever NV 9¼ 87	100	79⅝	80⅛	+1⅛	+1⅛	13.75
Warner-Lambert 9 84 ...	100	83⅜	83⅞	+0½	−0⅜	14.31

Average price changes... On day +0⅜ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	92⅞	93⅜	+0⅛	−1½	9.26
Asian Dev. Bk 7¼ 89...	100	83½	83⅞	−0⅜	−2½	10.03
Australia 8⅛ 90	250	86⅞	87⅛	+0⅜	−1¾	8.64
Barclays O'seas 6¾ 89	100	82	83	0	−1⅛	9.72
BFCE 7⅜ 87	100	89⅞	90⅜	+0⅛	−0⅞	9.76
BFCE 8⅛ 95	100	86⅞	87⅜	+0⅛	−2⅞	9.78
Brazil 8 87	150	86½	86⅞	+0¼	+2⅛	10.72
CECA 7 91	150	84⅛	85⅛	−0½	−1¼	9.26
Council of Eur. 7¼ 89...	100	87⅜	88⅛	−0¼	−1⅛	9.29
Denmark 7⅞ 86	100	90⅞	91⅜	+0½	−0⅞	9.90
Denmark 8⅛ 92	100	89⅞	90⅜	+0½	−1⅛	9.66
EEC 7⅞ 94	225	87	87⅜	+0⅛	−2⅞	9.50
EIB 7½ 89	200	86⅝	87⅛	−0¼	−2	9.68
Finland Rep. of 8 86...	150	90⅛	90⅞	+0½	−1⅛	9.98
Kobe, City of 7⅞ 89 ...	150	82½	83¼	+0⅛	−2⅝	9.97
Neder Gasunie 8 86 ..	100	92	93	+0¼	−0½	9.55
New Zealand 7⅞ 87 ...	200	85½	86⅛	−0⅛	−2⅛	9.86
Norges Komm. 7¾ 91 ..	150	88½	89½	−0⅛	−0⅛	9.38
Norway 7½ 85	250	91¾	92¾	+0⅛	−0½	9.56
OKB 6 87	40	83	84	+0⅛	−3½	9.36
OKB 7⅜ 89	100	85½	86½	−0½	−0⅞	9.67
World Bank 7¾ 91	400	85⅞	86⅝	−0⅞	−2½	9.80
World Bank 7⅞ 90	250	88⅞	89⅛	+0¼	−1⅞	9.69

Average price changes .. On day +0⅛ on week −1½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	82	83	+0⅛	−1⅛	8.25
Aumar 5 89	60	80¾	81½	+0½	+0¼	7.96
Australia 3⅞ 89	250	81½	82	+0½	−1	6.33
Bergen, City of 4¾ 91...	40	83	84	0	+0¼	6.89
BNDE 5 89	75	78	78½	+1⅛	−1	8.44
BMW Overseas 4¼ 91 ..	100	81½	82¼	+0⅛	−2⅞	6.52
Caisse Nat. Tele. 4⅜ 89	100	83⅝	84½	+0⅛	−2¼	6.71
Canada 3⅞ 89	300	81⅝	82½	+0¼	−2¼	6.30
CCCE 5⅜ 90	100	96⅝	96⅞	+0½	+0⅛	6.21
Copenhagen 4½ 91	60	81	82	−0⅛	−4½	6.87
Council of Eur. 5 89 ..	100	84½	84⅞	0	−0⅛	7.26
EIB 4½ 91	100	79¾	80¼	−0¼	−5⅛	7.13
EIB 4⅞ 94	100	75	75¾	+0⅛	−2⅞	7.16
Elet. de France 4⅜ 89...	100	84¾	85½	−0⅛	−3⅛	6.54
GZB 4¼ 89	100	81⅝	82⅛	+0½	−0⅛	5.88
Hilti 4½ 91	35	83	83⅞	−0⅞	+0⅛	6.37
Int-Amer. Dev. 4½ 89	100	76⅝	76¾	+0⅜	−2¼	8.17
Jutland Tele. 5½ 90 ...	50	91⅞	92¼	−0½	−0½	6.62
Malaysia 5 89	80	85	85½	+0⅛	−1	7.17
Nippon Tel. & T. 4⅜ 89	100	84	84⅜	−1⅛	−5⅞	6.49
Nordic Bank 5 89	45	84	84½	+0⅛	−3⅜	7.38
Norges Komm. 4⅜ 91...	100	79⅞	80⅛	0	−2⅛	6.92
OKB 3¾ 91	100	73½	74	+0⅜	−3½	7.30
OKB 4⅜ 91	100	80	80½	+0¼	−1	6.90
Oslo, City of 4½ 91 ..	100	78¼	78¾	−0½	−2¼	7.16
Shikoku El. Pwr. 4¾ 89	100	84½	85	+0⅛	−3⅛	7.01
Stewag 4¾ 91	60	82¾	83½	−0⅜	−1⅝	6.94
Voest-Alpine 4¾ 89 ...	90	83½	84	+0½	−0½	7.22
World Bank 4⅜ 89	100	82	82½	−0⅛	−6	7.29
World Bank 4⅜ 89	150	79⅝	80⅜	−0⅛	−3⅝	7.36
World Bank 4⅜ 91	100	80½	81	−0⅞	−2½	7.10

Average price changes... On day +0⅛ on week −2⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	82⅝	83⅝	−0⅛	−1⅛	11.57
Australia 6½ 88	20	76¼	78¼	−0⅛	−5⅛	11.05
EIB 7¼ 89	12	85⅝	86⅛	0	−2⅞	10.17
Finland 5.6 83	10	91⅜	82⅜	−1⅛	−2	11.84
Finland 6.8 88	10	79	80	−0¼	−1	10.89

Average price changes... On day −0½ on week −2½

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10⅝ 86 C$ ...	25	80⅞	81⅞	+0⅛	−1	15.25
Bell Canada 10¼ 86 C$	60	84¾	85¼	+0½	−0⅞	14.39
Cr. Foncier 10½ 84 C$	30	84¾	85¼	0	−0½	15.06
Ex. Dev. Cpn. 10 84 C$	50	85⅛	85⅝	+0¼	−2⅞	14.92
Fst. Can. Inv. 10 84 C$	50	84⅞	85⅜	+0¼	−2⅛	15.01
Hudson Bay 10½ 89 C$	60	78¼	78¾	−0⅛	−2⅛	14.38
Quebec 10⅝ 86 C$	50	81⅞	82⅜	0	+0½	14.95
R. Bk. Canada 10 86 C$	40	83¼	83¾	+0⅛	−0⅜	14.75
R. Bk. Canada 10 94 C$	40	73⅝	74⅛	+0½	−0⅛	14.46
Copenhagen 8¾ 91 EUA	20	89½	90¾	0	−2⅞	10.23
M Bk. Dnmk. 9 91 EUA	25	92½	93½	0	−0⅛	10.03
SOFTE 8¼ 89 EUA	40	82	83⅛	0	−2	11.42
U. Bk. Nrwy. 9½ 90 EUA	18	97½	98½	0	0	9.82
Algemene Bk. 8¼ 84 Fl	75	91½	92	−0⅞	−1½	10.52
Ned. Gasunie 8¾ 84 Fl	50	90	90½	−0½	−1⅛	11.73
Ned Middbk. 8⅛ 84 Fl	75	90⅛	90⅞	0	−1	11.25
Norway 8⅞ 84 Fl	100	91⅝	82⅛	−0⅛	−0½	10.55
Norway 8¾ 84 Fl	100	92	92½	−0½	−0⅛	10.44
Philips Lamps 8⅞ 84 Fl	75	94⅞	95¾	+2⅞	+2⅞	9.77
Air France 11 84 FFr ...	120	89	89⅝	−1⅛	−1⅛	14.39
Euratom 9⅞ 87 FFr	150	78⅝	79½	+0¼	−0⅛	14.82
Finland 11 84 FFr	80	87½	88⅛	+0¼	0	14.87
Finland 11½ 89 FFr	70	83⅞	84⅞	−2¼	−2⅛	14.82
Gaz de France 11 84 FFr	150	87⅞	89⅛	+0¼	−1⅛	14.53
IBM France 11⅞ 84 FFr	120	†90	91	−1⅛	−1¼	14.73
Renault 9⅞ 85 FFr	100	81½	82¾	+0¼	−0⅛	14.87
Saint-Gobain 9⅞ 86 FFr	130	79¾	81	0	−0⅛	14.78
Solvay et Cie 9⅞ 87 FFr	125	78	78⅞	−0¼	−0½	14.87
Total Oil 9⅞ 87 FFr ..	150	77½	78½	−0⅛	−0⅞	14.59
Citicorp O/S 13½ 90 £	50	89	89¼	+0½	−0⅛	15.66
EIB 11½ 91 £	25	78½	79½	+0⅞	+1⅛	15.53
Finance for Ind. 13 91 £	15	85½	86½	−0½	−1⅛	15.75
Fin. for Ind. 12½ 89 £	30	84⅛	85¼	+0⅞	+0½	15.66
Gen. Elec Co. 12½ 89 £	60	85⅛	86⅛	+0⅛	−0½	15.48
Indonesia 8¾ 91 KD ...	7	†93	93½	0	0	9.75
Mitsubishi 7½ 84 KD ..	10	†95½	95⅞	0	0	8.72
Norges Kom 7½ 89 KD	12	†93⅛	93⅞	0	0	8.52
Occidental 8¾ 91 KD ..	7	†90¼	90¾	0	0	9.87
Akzo 9⅛ 87 LuxFr	500	89½	90⅛	0	−2⅞	11.38
Euratom 8 87 LuxFr...	500	82¼	83¼	+0¼	−4⅛	11.73
Euratom 9⅞ 88 LuxFr	500	92½	93½	+0⅛	−3⅞	11.12
EIB 9⅞ 88 LuxFr	600	92⅞	93⅞	−0½	−4⅞	11.04
Volvo 9⅞ 87 LuxFr ..	500	93⅛	93⅞	0	−2⅛	11.02

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87...	0¼	97⅛	97⅝	2/7	15⅛	15.53
Banco di Roma Int. 6 87	0¼	98⅛	99⅛	26/4	15⅞	15.88
Bank of Ireland 5¾ 89...	‡0⅛	96⅞	97⅜	21/5	16⅛	16.65
Bank of Tokyo 5¾ 89 ...	‡0⅛	96⅞	97⅛	25/4	14.56	14.99
Barclays O/S Inv. 5 90	0¼	96	96½	13/6	14¼	14.81
Bergen Bk. A/S 6 89 ...	‡0⅛	97	97½	29/5	17¼	17.78
• Bque. Indo Suez 5¾ 89	0¼	97	97½	11/7	14.69	15.19
Citicorp O/S F 6 94 ..	‡0¼	99⅛	99⅝	8/3	14.44	14.53
Citicorp O/S F. 83	§‡0	99½	99⅝	23/5	16.05	16.18
Citicorp O/S F. 84	‡0	99¼	99⅝	30/5	16.94	17.02
Co-operative Bk. 6 86...	0⅛	97¼	97¾	15/5	15.06	15.45
Creditanstalt 5½ 91	§‡0⅛	98⅛	99	14/3	14⅞	15.08
CNT 5¼ 86	§0⅛	99	99½	16/4	15.19	15.39
GZB 5½ 89	‡0¼	97½	97⅝	1/5	14⅝	15.02
- Jugobanka 8 89	0⅞	92½	93½	23/5	16	17.29
Ind. Bank Japan 5¾ 87	0¼	97⅜	97⅞	15/4	14½	14.60
LTCB Japan 5¾ 86	0¼	96⅝	96⅞	13/6	14½	14.75
LTCB Japan 5½ 89	0¼	96	96½	7/6	14.19	14.78
Mfrs. Han. O/S 5¾ 94	‡0½	98⅛	98⅞	30/5	17⅛	17.36
Midland Intl. Fin 5 89	0¼	98⅛	98⅝	20/6	15	15.23
Nacional Fin. 6⅛ 86 ..	0½	96½	97	25/7	14.69	15.18
Nat West. 5⅞ 94...	§0¼	97¼	97¾	11/4	14.94	15.32
Nippon Credit 6½ 86	0½	96⅝	96⅞	12/7	14.44	14.98
Nippon Credit 5¾ 87 ..	‡0½	96⅞	97⅛	6/5	14.69	15.12
Royal Bk. Scot 5¾ 94	§‡0⅛	98⅛	98⅝	11/4	14⅝	14.87
Soc. C. de Bque 5½ 87	0¼	96⅛	97⅛	3/4	13⅛	13.66
Sogenal 5¾ 89	§0¼	96⅝	96⅞	13/7	14.44	14.94
- Standard Chart 5¾ 90	0¼	97⅞	98⅛	6/9	17¼	17.59
Sweden 5⅝ 91	‡0½	96⅞	97⅛	18/4	14.44	14.97
TVO Pwr. 9 91 (D-lock)	0¼	96¼	96¾	24/6	15.31	15.87
Williams & Glyn 5¼ 91	0⅛	97⅞	98⅜	14/3	13	13.25
Bq. E. d'Alg. 4¼ 89 SF	0⅛	91	92	18/6	6.69	7.31

Average price changes . on day +0⅛ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	145	113	114	0	−8.06
Ajinomoto 7⅝ 95	2/80	618	84½	85½	+2⅞	4.22
Alco Int. Fin. 9½ 94	1/80	40	88½	89¼	0	24.52
Asahi Optical 7 94	11/79	605	74½	75½	+2⅛	−2.52
Canon 6¾ 94	8/79	570	92⅞	93⅞	+3¼	4.98
Ciba-Geigy O/S F. 4 94	9/79	675	†74	75	−0½	−9.83
Credit Suisse 4¾ 93	10/79	1325	91⅝	92⅞	+0½	−6.87
Daiei Inc. 6½ 94	11/79	1020	88½	89¼	+1⅞	26.11
Enserch Fin. 9½ 94	7/80	30.25	100	101	−0¼	11.59
LPC Internatnl 8 89	9/79	23.33	96¼	97¼	−4⅛	4.35
Meidensha Elec. 7 94	12/79	210	85¾	86¾	+1⅛	19.27
Mitsubishi Co. 6½ 94	10/79	604	113	114	+0½	1.09
Nippon Seiko 7¼ 94	12/79	339	†92½	93½	−0⅛	−2.18
Nitto Elec. Ind. 5 94	7/79	735	64½	65½	−3⅞	−0.62
Toshiba Cpn. 7⅛ 94	10/79	198	84¼	85¼	−0⅛	2.76
Union Bk. Switz. 5 83	2/80	125	89⅝	91⅝	−0½	−9.26
Fujitsu 5 84 DM	7/79	475	85⅝	86⅝	+1	16.98
Kansai Elec. 4 84 DM	4/79	1234	79⅞	80⅞	−0⅛	53.39
Tokyu Ld. Co. 4 85 DM	4/79	493	70⅞	71⅞	0	34.64
Uny Co. 6⅛ 85 DM	11/79	1071	86	88⅛	0	26.68

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Profits at Swedish paper groups more than doubled

BY VICTOR KAYFETZ IN STOCKHOLM

TWO SWEDISH *forest product* groups, Stora Kopparberg and Holmens Bruk, *report 1979 pre*-tax earnings higher than they had forecast at the eight-month stage and more than double their profit levels in 1978. Both are raising their dividends.

Stora Kopparberg, which also has large hydroelectric power interests, raised its group pre-tax profit from SKr 144m in 1978 to SKr 430m ($101m) last year, *with improved earnings* in all sectors except forestry. The *interim forecast had been* SKr 400m.

The Board proposes a dividend of SKr 11 a share, up from SKr 8.50, an unusually large increase in Swedish terms.

Group sales rose by 25 per cent to *SKr 3.72bn ($871m)*. Of 1979 turnover, 3 per cent was *attributable to companies* acquired during the year, 6 per cent represented higher volume and the rest resulted from successive price increases, Stora says in its preliminary report.

Profitability for market pulp and for board products never*theless remained unsatisfactory*. Stora provides no forecast for 1980 but writes: "At year-end there was continued good demand and a strong market position. Capacity utilisation at all the company's factories was high."

After appropriations and tax, Stora's 1979 net profit was SKr 81m, against SKr 60m.

Holmen, which is Europe's largest newsprint manufacturer and makes magazine paper, raised its consolidated pre-tax profit from SKr 44m in 1978 to SKr 111m ($26m), beating the October forecast of SKr 95 to SKr 105m. The proposed dividend is SKr 8.50 a share, up SKr 1.

Group sales increased by 17 *per cent to SKr 2.07bn ($486m)*, with an unchanged 68 per cent going for export. Paper production was 11 per cent higher than in 1978, at 824,000 tonnes, marginally above last autumn's forecast.

Holmen's 1978 profit, previously reported as SKR 58m, *has been adjusted downward to* conform with accounting changes effective from 1979, by which unrealised exchange differences on long-term foreign debt and the costs of issuing securities are considered financial items, not extraordinary items.

The 1979 earnings included SKr 22m in stock gains.

Net group profit after appropriations and tax was SKr 28m, up from SKr 22m. Holmen provides no breakdown of results by products and no forecast.

Norway bank results vary

BY FAY GJESTER IN OSLO

TWO LEADING Norwegian commercial banks due to merge shortly have published sharply differing results for 1979.

Christiania Bank og Kreditkasse, which will become one of Norway's two largest banks when it merges in May with *Andresens Bank, is paying a* dividend of 12 per cent—the *maximum permitted by present* Norwegian rules — compared with 11 per cent for 1978.

Andresens, in contrast, is passing its dividend for the second year running after the need to make provisions that substantially exceed the year's gross profits.

Christiania's 1979 accounts were the best in the bank's history. Net profits rose to NKr 92.2m ($18.8m) up NKr 36.9m on the year earlier.

The board expects satisfactory profits for the new merged bank this year. But it does not see quite such good results as *last year, because of the Government*'s tight credit policies.

Andresens reports loss write-offs of NKr 95.2m, including *some NKr 30m of interest due* but not paid last year. Gross profits, at NKr 73m were NKr 7m up on a year earlier.

Managing director Gustav ter Jung estimates future likely write-offs on the bank's debts *at about NKr 100m*.

SHIPPING IN WEST GERMANY

State guarantees credit for DDG Hansa

BY ROGER BOYES IN BONN

THE WEST GERMAN Government is prepared to help DDG Hansa, one of the country's leading shipping groups, out of some of its current financial problems in a move that underlines Bonn's *continuing efforts* to keep alive the hard-pressed *shipping industry with a system* of discreet subsidies and guarantees.

The company said yesterday *that the Government had agreed* to guarantee a DM 30m ($17m) credit *providing* that the group carried through its proposed financial restructuring. The city state of Bremen is also considering a loan guarantee.

The Government pledge follows the recent announcement of a *big rescue plan for* the company: a six-to-one write-down in capital from DM 60m to DM 10m and a subsequent *injection of DM 30m of new* capital.

*The company does not antici*pate difficulties with the new *capital injection and two of the* group's main shareholders—Deutsche Bank *and* Muenchener Rueckversicherung—are understood to have agreed to put up the bulk of the necessary money.

The pressing need for action was emphasised again yesterday with the announcement that *Hansa's first-quarter losses would* probably reach DM 23m this *year on top of last year's balance* sheet loss of DM 27m.

Hansa has more than 60 vessels and was strongly dependent on routes to the Gulf. That meant that the group has been hit by four interlocking crises: the Iranian revolution; the weakness of the dollar against the DM; rising fuel costs; and the trough in the shipping market.

The Government's particular interest in Hansa stems partly from the 2,500 jobs at stake in the Social Democrat-controlled city states of Bremen and Hamburg. Both the Bremen and Hamburg Landesbanks are *participating in the financial* rescue plan.

But the move *also* reflects Bonn's view that the shipyards and the ship owners should be given some support during the *present crisis, if only to ensure* that the industry is in a posi*tion to respond effectively when* there is (as anticipated) an up*turn in demand in the mid-1980s.*

The current aid plan for the *yards includes Federal and State* subsidies of DW 660m, embracing an average 10 per cent subsidy on the value of each ship ship order in 1979 and 1980. Ship owners, meanwhile, have been *offered interest-free* loans worth 1.5 per cent of the book value of their vessels and up to DM 550m for help with liquidity.

The ship owners have generally been dissatisfied with that level of assistance. They complain of unsatisfactory freight rates, undercutting by East European operators on some routes, higher running costs because of the oil price rise and the traditional dilemma of Deutsche Mark-denominated outgoings while income is based on an eroded dollar.

Sales expand at Otto Versand mail order

BY KEVIN DONE IN FRANKFURT

OTTO VERSAND, West Germany's second largest mail-order group, increased its sales by 12.9 per cent to DM 3.6bn last year ($2.0bn).

It thus outpaced its main rivals, Quelle, the biggest mail-order group in Western Europe, and Neckermann, which is now *owned by Karstadt*, West Germany's leading retail store concern.

The mail-order business showed a general growth in West Germany last year of some 6 per cent, marginally less than the 6.5 per cent expansion seen in the overall retail trade. The large department stores fared less well than the mail-order companies, with *sales increasing* last year below the average at *only 4.3 per cent.*

The Versand group's mail order business succeeded in boosting sales last year to DM 3.0bn, an increase of 11.2 per cent, while its small subsidiary, Schwab, showed a 9.2 per cent sales rise to DM 532m.

Versand is expanding its *interests beyond* West Germany and has opened a mail-order subsidiary in Holland. Its first catalogue was launched on the Dutch market for the autumn-spring season 1979-1980.

In common with its main rival, Versand has managed to hold its average price levels in its latest catalogue below the rate of general retail price inflation. Both Versand and Quelle have raised prices by only some 2 per cent against an inflation rate running above 5 per cent.

Neckermann, the smallest of *the leading mail-order houses*, is still recovering from the *fundamental re-structuring that* followed its takeover by Karstadt.

It has now lost all its big stores interests, which have either been integrated into the Karstadt network, closed down or sold. Apart from *its* mail-order business, the group has *also kept its travel and pre*fabricated housing interests.

No profit figures are yet available for 1979, but the management hopes that the much slimmer group can again be profitable in 1980 after several years of loss making marked by no dividend payments.

The Schickedanz group, which owns the Quelle mail-order concern, reported total group sales last month of DM 9.25bn.

Credit Lyonnais deal

Credit Lyonnais, one of France's big three nationised banks, *has reached a protocol* agreement for a Lebanese group to acquire a controlling interest in its subsidiary, Union Fonciere et Financiere (UFFI), writes AP-DJ from Paris. Credit Lyonnais plans to retain a one-third interest in UFFI, which is a property development company.

Downturn for Skis Rossignol

By Our Financial Staff

SKIS ROSSIGNOL, the French sports goods manufacturer, expects profits for the year ending March 31 to be less than the *FFr 25.2m net posted for 1978-79*. Rossignol partly blames the *mild winter*, particularly in the U.S.

Also affecting the 1979-80 results is the weakness of the dollar, reduced profit margins on sales of skis in France, and lower than expected sales of tennis equipment in the U.S. Costs incurred in getting new subsidiaries and activities off the ground have also been an *adverse factor*.

Rossignol said it sales of skis would total close to 2m pairs in 1979-80, an increase of 11.5 per cent on the previous 12 months. The company said it had attained its objectives in various other fields.

Sales of skis would remain at about the 2m-pair level for 1980-81. It added that in view *of the current high level of* stocks in North America, *measures* have been taken to reduce production in its U.S. and Canadian factories.

In addition, the improved productivity of the French plants will mean that, if production is to be adapted to decreased demand, "these plants will have to close down for several days between April and July."

Restructured Baer plans outside shareholders

BY JOHN WICKS IN ZURICH

BANK JULIUS BAER, the 90-year-old family-owned Swiss bank, is to take on a few outside shareholders.

*As part of a corporate re*structuring, the existing family *holding company will take over* the group holding company and itself assume the latter's name, Baer Holding AG. The capital of the new holding company will increase to a maximum SwFr 26.45m ($15.8m) and a share issue, at conditions yet to be decided, will then take place *to raise about SwFr 20m of new* capital.

The Baer family will be excluded from drawing rights, the *issue being intended to estab*lish "an initially limited in-house market" for the stock.

Also the family has undertaken to dispose of 25 per cent of its own Bearer shares, which with a market value of about SwFr 40m, will be placed with "friends and clients."

After the re-structuring, the Baer family will still control more than 85 per cent of voting *rights. A long-term agreement* guarantees that the family will retain control over the bank despite further capital increases or the introduction of participation certificates.

The bank, claimed in a recent Swiss study to be the most profitable in Europe, recorded net profits last year of SwFr 10.4m. Earnings from *foreign-exchange* and precious-metal trading jumped from SwFr 9.9m to SwFr 14.05m.

German order for KWU

BY JONATHAN CARR IN BONN

WEST GERMANY'S leading power station builder, Kraftwerk Union (KWU), is set to gain its first domestic order for a nuclear power plant for more than four years.

The supervisory board of Bayernwerk, the Bavarian utility, has decided to give KWU the main contract for constructing a 1,200mw pressurised water reactor, KKI-2, at Ohu, eastern Bavaria.

It is hoped that the plant, expected to cost about DM 4bn, will enter service by 1988. OHU is also the site of Bavaria's only currently operating nuclear plant, KK-1, run on the boiling water reactor principle.

KWU, a wholly owned Siemens subsidiary, returned to profit last year despite troubles in Iran and the continuing absence of domestic nuclear orders. One chief difficulty has long been the lack of a firm national plan for nuclear waste disposal, but there are signs of an early solution.

Increased dividend planned by Robeco

By Charles Batchelor in Amsterdam

NET PROFIT of Robeco, the Dutch investment fund, rose 11 per cent to Fl 228m ($114m) in 1979. Much of the increase was due to high interest rates, which led to a rise in income from liquid assets.

The fund is raising its cash dividend to Fl 9 from Fl 8 a share on capital increased by a stock dividend.

The value of Robeco shares rose by Fl 4 to Fl 167 in the year and subsequently to Fl 174.50 by the end of February, when the annual report was prepared. Total net assets fell to Fl 4.1bn ($2.05bn) from the 1978 total of Fl 4.2bn.

The stock distribution led to the issue of 822,000 shares, but Robeco was a net repurchaser of 1.9m shares on the stock exchange, taking total shares on issue to 24.8m at the end of the year.

Shareholders earned 10.8 per cent on their investment, taking into account price appreciation and cash and stock dividends.

Robeco stepped up its small interest in UK stocks to 2.5 per cent of total net assets last year—on the basis of what is seen as better prospects for the UK in the longer term and greater confidence in sterling.

Irish cement group ahead

By Our Financial Staff

Cement-Roadstone, the Irish building materials group with important interests in the UK, has lifted 1979 profits by a third to Irish £24.1m before tax and is raising its dividend to 13.7p from 11.8p a share.

Domestic deliveries of cement rose by almost 18 per cent in weight last year, while turnover for the group as a whole went up by 49 per cent to Irish £253.3m. At end-December group debt as a proportion of shareholders' funds was 23 per cent against 41 per cent a year earlier.

Japan Line aims to repay some borrowings

By Yoko Shibata in Tokyo

JAPAN LINE, the financially troubled shipping company, which specialises in tankers, aims to repay part of its heavy borrowings rescheduled from 1978 in the fiscal year ending March, 1981, in view of an improved earnings picture, resulting from rationalisation measures and a recovery in the shipping market.

The ailing shipping concern was granted a moratorium in the 1978-79 and 1979-80 fiscal years on the repayment of Y47.6bn ($192m) of outstanding long-term loans by a syndicate of banks, including the Industrial Bank of Japan, the Japan Development Bank, and a number of other commercial banks and insurance companies. The shipping company's outstanding debts were about Y120bn as of the end of September. It faces Y23.7bn in loan repayments falling due in the 1980-81, in respect of which the company has been seeking to defer payment.

However, Japan Line, at the same time, expects some liquidity to arise from its current earnings recovery, and plans to appropriate from this for repayment of part of its borrowings from the coming fiscal year. The plan is based on the premise that both tanker and tramp markets remain strong and that the third annual rehabilitation programme will be carried out successfully.

Details of repayment (how loans should be repaid and which first) are to be discussed with the banks involved when the company has a clear picture of earnings for 1980-81. The amount of repayment is likely to be about Y8bn.

The banking syndicate granted a moratorium on repayment of loans for two years in succession, in 1978-79 and 1979-1980, in return for a stringent rehabilitation programme, calling for the sale of unprofitable tramp ships, securities and other assets, reducing the charter rate for tankers, and laying off employees.

Sharp swing to profit at Chrysler Australia

BY JAMES FORTH IN SYDNEY

CHRYSLER AUSTRALIA staged a strong recovery in 1979, with an A$33m profit turnround, enabling the group to declare its first ordinary dividend since starting operations in Australia in 1951. Chrysler recorded a profit of A$12.3m (U.S.$13.5m) for 1979, compared with a loss of A$20.5m in 1978. It is the first profit since 1974, when the group earned a modest A$2.57m. In 1976 and 1977, small losses were incurred followed by a A$25.7m deficit in 1978.

The turnround was largely the result of the success of the Mitsubishi Sigma, which is built and distributed by Chrysler. Sigma sales rose 32 per cent in 1979, and it easily maintained its position as Australia's top-selling four cylinder car.

Chrysler will pay a maiden dividend of 7.5 cents a share on its A class shares, which are listed on Australian stock exchanges, although the local ownership in Chrysler is less than 2 per cent. Sales for 1979 rose 17 per cent from A$314m to A$368m (U.S.$403m). Chrysler will be looking to its updated Sigma range, due to be released publicly next month, to continue its strong profit run.

Mitsubishi last year paid A$27m for a one-third stake in Chrysler Australia and took an option to lift its stake to between 51 per cent and 80 per cent by August this year. Recent Japanese reports suggest that Mitsubishi will exercise its option, and pay a "somewhat higher" price per share because of the improved performance of the company and the present capital requirements of the Australian group's ailing U.S. parent, Chrysler Corporation.

Commenting on the results, the directors said that Chrysler Australia increased its sales of passenger and commercial vehicles by 32 per cent, although the industry as a whole declined by 0.4 per cent. Chrysler's penetration of the passenger vehicle market rose from 10.08 per cent to 11.02 per cent, the best performance since 1971. In the total vehicle market, Chrysler's share advanced from 8.6 per cent to 9.25 per cent, the highest since 1973.

The directors said that the year's performance reflected improvements throughout the organisation as a result of the major investment and restructuring programmes put into effect over a three-year period.

Boral seeks freedom to bid for Allgas

BY OUR SYDNEY CORRESPONDENT

BORAL, THE major building products group, wants the Queensland State Government to allow it to make a A$7.5m (US$8.2m) takeover bid for one of Brisbane's two gas distribution companies, Allgas Energy. Boral acquired the other distributor, Brisbane Gas in 1971 and built up a holding of about 10 per cent in Allgas before the state government stepped in and blocked any prospect of a full takeover.

The government passed legislation restricting the maximum holding in "proclaimed" companies to 12.5 per cent. Allgas was proclaimed and Boral subsequently sold its 10 per cent stake in Allgas to AAR, the Queensland mining and gas company, now a subsidiary of the major industrial and mining group, CSR.

Boral wishes to make its offer through Brisbane Gas, but before it could do so, the state Government would have to rescind its proclamation of Allgas. Boral directors said that the offer was prompted by an expression of interest in Allgas by "unknown people." Boral referred to a circular letter from A'Beckett and Company sent to many Allgas shareholders seeking to buy up to 12.5 per cent of the capital, at an effective price of A$2.57 a share. This compares with recent market prices for Allgas of A$2.50. Boral proposes to offer A$5.00 for each Allgas ordinary shares subject to the Queensland Government's approval.

Boral has been unable to discover the identity of the principals behind A'Beckett, nor the identity of the clients seeking the Allgas stake.

Comeng well ahead at midway

By Our Sydney Correspondent

COMENG HOLDINGS, the heavy engineering group, has raised its interim dividend, after increasing profits by 13 per cent, from A$4.6m to A$5.2m (U.S.$5.7m) in the December half year.

The directors said they expected the full year's earnings to exceed last year's profit, pointing to another record result. They said that in recent months some important contracts had been won.

Profits included equity accounted earnings of Union Carriage and Wagon of South Africa, and the local iron founder, Bradken Consolidated, but the 21.4 per cent stake in Australian National Industries was brought to account on a dividends received basis only. The contribution from ANI rose by 10 per cent in the last half.

The group's properties have been revalued, adding A$8m to the asset revaluation reserve.

NEW CALEDONIA

Riding the nickel rise

BY PHILIP BOWRING RECENTLY IN NOUMEA

Higher nickel prices promise an early return to profit for Societe Le Nickel, the French-owned mining company, and a boost for the New Caledonian economy

NICKEL, a glamour metal of a decade ago, has lagged behind in the current minerals boom. There is now light at the end of the tunnel, however, for a company which operates from New Caledonia, one of the world's smallest territories, but has been generating some of the world's biggest losses. The company, Societe Le Nickel (SLN) is owned jointly by the Paris-quoted French Rothschild associate, Imetal and the state-owned Societe Nationale des Petroles d'Aquitaine. It's losses reached a peak of FFr 593m ($145m) in 1978.

SLN's headquarters is at the Tour Maine-Montparnasse in Paris. But its operational heart is here in this still French South Pacific island, where it mines and processes some of the world's richest nickel ore. New Caledonia, a cigar shaped island roughly equidistant from Brisbane, Auckland, Fiji and the Solomons, produces about 12 per cent of the world nickel output.

SLN's losses in 1979 were reduced to only FF 132m, and if producer prices and volume demand remain at their current level, the company should be back in coming months. That is not just good news for Imetal and Aquitaine. It is also a relief for the French Government itself, which has seen threats to the continuation of the French presence here from New Caledonia's high reliance on this one, loss-making product. Nickel products—ferronickel and nickel matte—and ore account for more than 90 per cent of New Caledonia's exports of FF 1.5bn a year. SLN itself accounts for more than 80 per cent of the nickel sales—all the products and some of the ore.

SLN thus constitutes the main means of existence for the territory, and almost the sole reason why Europeans now constitute more than 35 per cent of the population of 130,000, outnumbering the indigenous Melanesians. Thus what happens to SLN is not just a commercial question, but is intimately bound up with the future of these Europeans and the continuation of France's presence in the South Pacific. Without this, it is doubtful whether SLN would have been permitted to accumulate the losses that it has.

The situation is improving rapidly, however, and if the improvement continues Aquitaine might eventually collect some dividends from SLN, and the French Government might reduce its direct subsidies to New Caledonia, which were partly occasioned by the nickel slump.

According to company officials here, the break-even price at its current rate of production, is US$3.20 per pound. The good news for SLN is that the producer price has now risen to $3.45 per pound. If demand holds, SLN should thus be able to increase its production. This has been pegged at 42,000 tons of nickel content for metallurgical products since April, 1978, when production was cut, to contain losses and to reduce stockpiles. The production of 42,000 tons is only about 60 per cent of capacity.

At the time of the cutback, excess stocks amounted to about nine months' sales. At one time they were worth FFr 1.3bn. In 1978 alone, SLN's financing costs were FFr 215m, a major part of the FFr 593m loss. The big improvement came last year. Output was pegged at around the 1978 level, while exports of nickel products from New Caledonia rose 38 per cent.

Meanwhile, the high cost local workforce was cut by more than 10 per cent—a difficult move in such a small territory, and one which led to emigration of Europeans. By October this year the whole of the excess stock should have been sold off and an increase in output of some 20 per cent should be possible — without increasing the workforce.

Although the immediate future is therefore much brighter, the longer term prospects for nickel production in New Caledoinia is mixed. A few years ago the island accounted for more than 20 per cent of world output. Because of economic and political factors, that has been cut almost in half. For SLN, improvement in the world nickel market should enable increases in production for several years without the need of new investment.

Deposits are rich, on the surface, and close to the sea. But most of the island's energy is provided by imported oil. Several competing producers have access to cheap hydro-electric power, and though New Caledonia's garnierite ore is rich—average grades mined are now 2.45 per cent—they have declined in recent years and the garnierite will be worked out in some 20 years.

The island has gigantic deposits of lower grade ore which should be exploitable. Both Amax and Inco, in conjunction with majority French partners, have been engaged in feasibility studies of two new projects. However the fact that there is still large excess nickel capacity around the world, and the high local wage and infrastructure costs in New Caledonia make a go ahead unlikely in the near future. New Caledonians do not readily admit it, but there is also political uncertainty to be overcome unless the French Government itself is going to guarantee the several hundred million dollar investment required for a new project.

A more likely way of increasing exports of nickel from the island would be the establishment of a smelter in a country with cheap power and low political risk. In this context, New Zealand interests are known to have had talks with New Caledonian ore miners (other than Le Nickel) on the possibility of building a smelter in New Zealand's South Island to take advantage of cheap hydro-electric power there. However, marketing the nickel metal might be a problem, and SLN might see its own position as being undermined by such a move. Ideally, New Caledonia would like to see more ore treated locally, but in the short term it would like to increase ore exports.

Japan is the main market. Ore sales recovered by 40 per cent last year to 45,000 tons (metal content), but are still far from the early '70s peak of 75,000 tons. Japanese buyers were said to be badly squeezed during the nickel boom and have since tended to stay away from New Caledonia. At the same time, the oncoming of new mines in Indonesia and the Philippines has enabled Japan to widen its choice of source in Asia.

Japan is also more keen to buy from independent Asian nations with which it has important commercial and political relations than to deal heavily with a French territory which is regarded with some suspicion in the Pacific and has formidable barriers against Japanese products. Thus while the gloom has lifted from SLN and its nickel island, there is little prospect of a return to the boom days.

NOTICE OF PURCHASES

To the Holders of

Mo och Domsjö Aktiebolag

MoDo

9½% Bonds Due 1983

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above described issue, an aggregate principal amount of $1,000,000 was purchased in the market during the twelve month period ending February 15, 1980, and such Bonds have been surrendered to Morgan Guaranty Trust Company of New York, as Trustee. The principal amount remaining outstanding is $22,000,000.

Mo och Domsjö Aktiebolag

بنك البحرين العربي الافريقي (ش.م)

al bahrain arab african bank (e.c.)

ALBAAB

BALANCE SHEET AS AT 31st DECEMBER 1979

ASSETS	US $ 000	US $ 000
CASH AND BANKS		
Cash and due from Banks	48,514	
Certificates of Deposit	6,366	
Fixed Deposits	155,925	
		210,805
MARKETABLE SECURITIES		528
LOANS & ADVANCES		20,695
OTHER DEBIT ACCOUNTS		2,123
FIXED ASSETS (After Depreciation)		186
Total Assets		234,337
CLIENTS' LIABILITIES FOR LETTERS OF CREDIT AND LETTERS OF GUARANTEE (as per contra)		6,421
Grand Total		240,758
LIABILITIES AND SHAREHOLDERS' EQUITY		
DEMAND AND FIXED DEPOSITS		67,190
BANKS		
Due to Banks	10,440	
Fixed Deposits	122,770	
		133,210
SHAREHOLDERS' SUBORDINATED LOAN		5,000
OTHER CREDIT ACCOUNTS AND PROVISIONS		2,561
Total Liabilities		207,961
SHAREHOLDERS' EQUITY		
Authorised Capital	50,000	
Subscribed and Paid Up Capital	25,000	
Statutory Reserve	138	
General Reserve	1,000	
Profit Carried Forward	238	
Total Shareholders' Equity		26,376
Total Liabilities and Shareholders' Equity		234,337
BANK'S LIABILITIES FOR LETTERS OF CREDIT AND LETTERS OF GUARANTEE (as per contra)		6,421
Grand Total		240,758

Early Wall St rally of 8.9

BARGAIN HUNTING, especially in Oils, which had met heavy profit-taking of late, produced a good rally on Wall Street yesterday morning in busy trading.

The Dow Jones Industrial Average retrieved 8.96 to 817.90 at 1 pm, while the NYSE All Common Index picked up 68 cents to $61.27 and advancing issues outnumbered falls by a five-to-two ratio. Turnover amounted to 30.68m against the previous day's 1 pm level of 28.30m.

Analysts commented that news late on Monday that consumer debt grew in January at the modest level of December, and recent weakness in commodity prices, suggesetd the economy may finally be slowing, which would make President Carter's task of slowing inflation a lot easier.

Among interest-rate sensitive stocks, American Telephone regained $1 to $47¾, MGIC Investment ¼ to $19⅞, Bankamerica ¼ to $21¼ and Chase Manhattan ⅞ to $35⅞.

In the Oils sector, Mobil rose $3 to $79¼. Gulf Oil $1⅞ to $47⅞, Exxon ¾ to $61, Superior Oil 2½ to $147 and Sun, which has *agreed to make a bid for* Viking Oil, of London, $1 to $76½.

H. J. Heinz added ¼ at $36½ on improved fiscal third-quarter net profits and a forecast rise for the year. Metro-Goldwyn-Mayer put on 1½ to $18¾. The company said if permits are received by June, it could open its Atlantic City casino/hotel in December 1981.

THE AMERICAN SE Market Value Index recovered 5.65 to 271.05 at 1 pm on volume of 3.49m (3.63m).

Oils also led the Amex recovery. Volume leader Dome Petroleum climbed 4¾ to $60½, Gulf Canada 7½ *to $145½ and* Bow Valley, which proposed a three-one stock split, 2¾ to $43¾.

Canada

Markets in Canada also showed a firming tendency in active early trading after recent sharp slides. The Toronto Composite Index recouped 23.6 to 1998.2 at noon *while the Oil and Gas Index rallied* 180.6 to 4543.9 but Golds shed 53.0 more to 3063.7.

Tokyo

The market suffered a further sharp setback in early trading, still on interest rate worries and in the wake of the fresh overnight decline on Wall Street.

However, "cheap" buying towards the close concentrated in export-orientated issues, large capital and Blue Chips left a rather mixed picture at the close.

Trading was again moderate, volume equalling Monday's total of 300m shares.

The Nikkei-Dow Jones Average, after falling 287 points over the past four business days, fell another 65 points yesterday morning, but later recovered to close 28.51 up on the day at 6,535.67. The Tokyo S.E. index regained 1.60 to 450.61, although declines still led gains at the close on the first market section by 356 to 276.

Investors gained some encouragement from the fact that *there was no panic selling by* foreign investors, while also helping later sentiment were rumours circulating in the market that the Tokyo S.E. is considering easing controls on credit trading.

Sony rose Y40 to Y1,570, Matsushita Communication Y50 to Y1,328, Hitachi Shipbuilding Y12 to Y169, Kawasaki Steel Y6 to Y125, Nippon Steel Y4 to Y122, Victor Y60 to Y1,050 and Canon Y11 to Y590.

Chemicals, Textiles, Pharmaceuticals and Shippings also firmed, but Oils and Coals continued to fall with Nippon Mining losing Y20 to Y2,150, Arabian Oil Y50 to Y3,160 and Teikoku Oil Y30 to Y1,040.

Hong Kong

Following the recent sharp retreat, markets staged a good rally yesterday in moderate trading, with some investors *hoping that U.S. interest rates* had peaked.

The Hang Seng index recouped 16.26 to 832.86 in what dealers described as an unconvincing recovery. There was no news to prompt the rally and the absence of substantial liquidations in the *falling gold market* left stockbrokers bemused by the market's rise.

Hongkong Bank rose 30 cents to HK$21.80, Hong Kong Electric 25 cents to HK$6.00, Hongkong Land 40 cents to HK$12.10, and Hong Kong Wharf HK$3 to HK$64.00, while China Light gained 40 cents to HK$18.20, Great Eagle 30 cents to HK$5.80, New World 17.50 cents to HK$3.80 and Tai Cheung 17.50 cents to HK$3.05.

Australia

—add world stocks—Australiaxx

Gold, Oil and Uranium shares led another broad retreat on heavy selling following the further weakening of world prices for gold bullion and other commodities. Bargain hunting left some issues above the day's worst, but in general it was a bad day for investors. The Sydney All Ordinaries index lost 13.27 more to 822.70 and the Metals and Minerals index finished 137.00 lower at 5,256.53.

Bougainville fell 35 cents to A$3.35, MIM 20 cents to A$4.80 and North Broken Hill 20 cents to A$3.30. Renison Tin declined A$1.00 to A$18.00, but CRA picked up 10 cents to A$5.20.

Uraniums were weak in belated reaction to a report last Friday of lost orders from German *Utilities amounting to* A$250m. Pancontinental lost 60 cents to A$7.00 and Queensland Mines 40 cents to A$6.00.

Among Oils Santos dipped 60 cents to A$6.40, Lennard Oil 45 cents to A$1.30 and Hartogen Energy 40 cents to A$2.60. Central Pacific shed A$2 to A$38 and its Rundle oil shale partner Southern Pacific lost A$1.09 to A$1.40.

Diamond explorer Leichhardt receded A$1.50 to A$7.50 while sugar, coal and oil shale issue CSR closed 24 cents weaker at A$5.44.

Germany

After starting on a firmer note shares receded to finish mixed to easier on balances.

Metals related issue Degussa weakened DM 6. Schering shed DM 4 in Chemicals but among Machine Manufacturers, KHD rose DM 3.50 and Deutsche Babcock DM 3.00.

Public Authority Bonds were up to 80 pfennigs weaker.

Johannesburg

Gold shares fell sharply in active trading reflecting the weakening bullion prices.

Heavyweight issues recorded falls extending to 550 cents, as in St. Helena at R34.000, FS Geduld lost 450 cents to R56.60, Buffels 375 cents to R31.50 and Winkelhaak 400 cents to R27.00. Among lower price shares ERGO declined 80 cents to R8.20 and Elandsrand 30 cents to R8.30.

Diamond issue De Beers receded 55 cents to R10.10. Platinums and Coppers also declined, while Industrials were mixed with an easier bias.

Amsterdam

Share prices closed mainly lower after quiet trading, with Royal Dutch losing Fl 1.70 in Dutch Internationals.

KNSM shed Fl 1.50 in Shippings, while mixed Insurance had AMEV up Fl 1.20 but Ennia down Fl 1.50. Elsewhere, OCE Van der Grinten declined Fl 2.50, but Publishing concern Elsevier advanced Fl 6.

State Loans tended to improve.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

SWEDEN

GERMANY

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand US$0.94½ (Discount of 23½%)

Spanish prices Page 24

COMMODITIES AND AGRICULTURE

هكذا من الأصل

Warning on UK fish imports

UK FISH imports in January totalled 43,885 tonnes, more than double the January 1979 figure, the British Fishing Federation said yesterday.

"That is nearly ten times the amount landed by British vessels in the seven main deep-sea ports in the same month," the BFF stated.

"Now we can see the size of the problem the prospect is little short of terrifying," it added.

"We face the almost unbelievable prospect that by the end of the year the biggest fishing nation in Europe will be importing more than it catches."

In many cases, a Federation spokesman said, Britain will be buying its own fish, caught illegally by the fishermen of other EEC countries.

He said fishermen had already protested that low-priced fish from other EEC states, which benefited from various Government subsidies, and uncontrolled, often illegal, fishing was undermining British quayside markets. "The January figures bear this out," he added.

Sugar values fall sharply

WORLD sugar values ended sharply lower on the London futures market yesterday in spite of rallying strongly in the afternoon. The May position slipped to £211 a tonne at one stage but closed at £222.75 a tonne, down £11.875 on the day.

In the morning the London daily raw sugar price was fixed £25 down at £205 a tonne.

The early fall had taken sugar futures to their lowest levels since January and at one time over £100 below the five-year peaks set in mid-February. Dealers said the decline reflected the downturn in other commodities and the ready availability of physical sugar.

The release of 2m tonnes of sugar held under the International Sugar Agreement's special stocks provision had eased the supply situation, they said.

The dealers said the market recovery reflected trade buying which probably represented the *lifting of hedge cover against* sugar sold to Jordan and Pakistan yesterday. They said the low price levels reached in the morning may also have encouraged some new dealer buying.

U.S. grain ban 'not as successful as hoped'

BY OUR COMMODITIES STAFF

THE U.S. embargo on grain sales to the Soviet Union will be less successful than previously thought in depriving the Russians of imports, the U.S. Department of Agriculture admitted in its latest report on the world market.

It estimates that the Soviet Union will import 30.5m tonnes of grain in the 1979-80 season, ending June 30 this year, up by more than 2m tonnes from last month's forecast and compared with imports of 15.6m tonnes in 1978-79.

The report said the higher Soviet grain imports partly reflected the likelihood of larger sales by Argentina, which has refused to support the U.S. embargo. The imports include 11.9m tonnes of wheat, 18.1m tonnes of coarse grains and 0.5m tonnes of miscellaneous grains.

Meanwhile the U.S. Agriculture Department raised its forecast of world grain production in 1979-80 by 5m tonnes to 1,526m tonnes. This would still be 3.5 per cent below the record 1978-79 harvest.

Coarse grains output is put at 2m tonnes up on last month's predictions at 732m tonnes, and rice production raised by 3m to 375m tonnes. World wheat production is put unchanged on the February forecast at 419m tonnes, 6 per cent below the 1978-79 figure.

However, the International Wheat Council in its latest market report, out yesterday, has cut its estimate of world wheat production in the 1979 calendar year to 421.2m tonnes. This compares with an earlier estimate of 423.5m and the 1978 record outturn of 449.1m tonnes. The decline is attributed to a downward revision in Eastern European production now put at 23.9m tonnes against 30.7m tonnes in 1978.

Commenting on the effects of the U.S. embargo, the Wheat Council notes recent reports in the freight market of extensive chartering of tonnage by the USSR on routes from Argentina and Australia.

But it adds that the ability of the Soviet Union to offset the U.S. sales cutback will depend largely on domestic factors. These included the size of stocks available from the record 1978 Russian grain harvest and existing supplies of forage.

The outlook for the Soviet winter grain crops remained favourable, the report notes, and an early start to the grazing season would ease matters until grain supplies improved.

The Council said initial indications for the 1980-81 world wheat harvest are good, particularly in view of the steep increase in winter wheat plantings in the U.S., Eastern Europe, the USSR and some Western European countries. There have been few reports of crop damage from severe frost or lack of moisture in these regions.

● The U.S. Agriculture Department projected Brazil's 1979/80 soyabean crop at 14.7m tonnes compared to last month's estimate of 14.5m tonnes, and 10.2m tonnes estimated for the 1978/79 year.

Wool strike talks break down

MELBOURNE — Talks aimed at settling the nine-week Australian wool strike broke down yesterday.

The federal secretary of the Storemen and Packers' union, Mr. Simon Crean, said the union had decided not to attend the talks, at which wool brokers and the Australian Council of Trade Unions could discuss proposals put by the union. The discussion had broken down, he said, as the brokers were unwilling to talk "sensibly" about the proposals. The Wool Brokers Federation was not available for comment.

The Australian Wool Corporation (AWC) hopes to start advance payments early next week to woolgrowers hurt by the strike, AWC chairman Mr. David Asimus said.

Advances will be limited to 25 per cent of the valuation of a grower's wool unsold in store or of the proceeds of wool sold for which the grower has not received payment, Mr. Asimus said.

Meanwhile Japanese wool spinners say they will be forced to reduce—or even suspend—operations if the dispute continues for much longer. The Japan Wool Spinners Association says an inventory of raw wool at the end of last month showed there was enough wool in stock for just over a month. Although Japan is still receiving some wool, the association says some spinners may be forced to reduce production within the next week.

Significant wool price rises are expected by British topmakers if the strike continues after March. Mr. Kenneth Turner, director of the British Wool Confederation warned in London.

Up to now reasonable prices have been maintained in the Bradford market, with no sharp reaction to the strike because of the healthy stock position in the UK, he said.

Mr. Turner said Japan and Europe were more dependent on Australian wool than Britain, as only 12 to 14 per cent of British wool imports are from Australia, but he noted that the strike was of concern to the British wool industry because if it continues price pressure will develop in other countries.

Bauxite output down

JAMAICA, the world's second largest producer of bauxite ore, last year mined 11.53m tonnes, 1.8 per cent less than the volume of ore mined in 1978.

According to the Jamaica Bauxite Institute the decrease was due to a fall in the *production target set by one of* the companies, Alumina Partners of Jamaica, which is owned by Kaiser, Reynolds and Anaconda.

Alumina production for last year totalled 2.06m tonnes, which was 3.7 per cent less than 1978 production.

Bauxite exports last year were 4.74m tonnes, which reflected a 0.31 per cent increase on 1978 exports.

All the bauxite exported last year went to the U.S. while alumina was exported to Britain, Norway, Canada, Venezuela, Ghana, Trinidad and Tobago, the Netherlands, France and the Dominican Republic.

Steadier tone in base metals

By John Edwards, Commodities Editor

BASE metal prices steadied yesterday after Monday's dramatic shakeout. But the markets remained highly nervous and uncertain, especially in view of the further decline in gold.

Copper cash wirebars closed £3 down at £1,039 a tonne, but this represented a rise from levels reached in after-hours trading on Monday evening. Prices of cathodes, which fell more steeply than wirebars on Monday, gained ground yesterday.

U.S. producers cut their domestic prices by a further 5 cents to $1.05 a pound. U.S. copper production in 1979, according to the Bureau of Mines, rose by 83,708 to 1,441,295 short tons.

Cash tin closed £95 down at £7,895 a tonne, but this also represented a considerable recovery from the sharp drop on Monday evening. Traders are now waiting to see the result of producers' demands at the International Tin Council meeting this week for a rise in buffer stock range from the present level of M$1,500-M$1,950 a picul (133.3 lbs) to M$1,850-M$2,400. Consumers are considered unlikely to concede an increase of this sort, but may bow to pressure from producers for a rise to come closer in line with market levels.

Aluminium and zinc prices rallied sharply. Cash aluminium gained £34 to £807.5 a tonne and cash zinc by £18.5 to £337.5. However, cash lead fell by £13.5 to £484 in spite of the three months quotation rising by £9.5 to £463.5 a tonne.

Free market platinum and silver followed the downward trend in gold. Platinum fell by a further £17.5 to £383.85 a troy ounce and is now some £77 below the all-time peak reached last week. The London bullion spot price for silver was lower by 114.1p to 1,266p an ounce at the morning fixing but rallied to 1,330p in the afternoon.

HARD FIBRES

Pact talks end in deadlock

BY BRIJ KHINDARIA IN GENEVA

NEGOTIATIONS for conclusion of international commodity agreements for hard fibres—abaca, sisal and henequen, and coir—are still far from completion, and even producers are divided over what they should seek.

Discussions sponsored by the United Nations Conference on Trade and Development (UNCTAD) in Geneva earlier this month failed to produce any clear picture of the kind of agreements likely to emerge in the hard fibres sector.

A key problem is, of course, the variety of market conditions for each kind of fibre and the concentration of production of each in just one or a few countries. For example, the world's main coir exporters—India and Sri Lanka—find it hard to take part in an umbrella agreement which would reflect the interests of producers of other hard fibres as well.

The consuming countries, mainly the U.S. and the EEC, are reluctant to go further than endorsing regular consultations among producers and consumers.

Disappointing

As a result the negotiations closed on a note of disappointment last week with chairman M. Galiepe-Gastaldy of France saying the delegations had "not gone as far as we might have" *in making concessions.*

Talks will continue in separate groups each dealing with one variety of fibre but no date has yet been set for further negotiations concerning hard fibres as a whole. Hard fibres are used mainly to make certain kinds of twine and mats.

The most likely scenario for the future follows the lines of a Common Market proposal. Under this three separate agreements would be concluded—one for abaca, a second for coir and a third for sisal and henequen. The three accords would be coordinated by a joint hard fibres council which would promote consultations and would not have decision-taking powers. The council's day to day tasks would be mainly administrative.

Projects endorsed by each fibre agreement would be financed by participants to the accord with help from the planned common financial fund.

Separate negotiations are underway for the fund as part of UNCTAD's integrated programme aimed at creating price stabilisation arrangements for 18 commodities, including hard fibres.

The U.S. made a general statement backing the Community's proposal but has not yet clearly stated its policy.

Tanzania, the main sisal producer, and Mexico, the main henequen producer, would like *an international commodity* agreement based on a reserve stock system which would be used to keep world prices within an agreed floor and ceiling.

Under pressure from developing countries, the industrialised countries went along with a request to UNCTAD to study the feasibility of such an accord, but both the U.S. and the EEC said they doubted such a study's usefulness and reserved their rights to reject its conclusions.

Dispute arose among producers and consumers over a programme of 46 projects drawn up by UNCTAD aimed *at improving the competitiveness* of sisal and henequen and helping producers to increase output. Consuming countries found that 15 of the projects would help only one producing country and refused to approve the list.

The EEC also said it could not talk about any international agreement until the argument over the list's contents was settled.

The Food and Agriculture Organisation (FAO) is currently studying ways to stabilise abaca prices and most delegations felt that some kind of agreement may emerge at the next session of negotiations on hard fibres likely late this year.

A programme of abaca development projects in Ecuador and Philippines requiring $7.7m (£3.47m) investment has been agreed in principle but some technical wrinkles remain to be ironed out.

Consultation

India and Sri Lanka are already well on the way to setting up Coir International—basically a forum for consultations with consumers—and are keen to ensure that any institutional arrangements for hard fibres as a whole, such as a joint council, should not damage their efforts to gain special status for coir as a problem deserving special rich country help.

An FAO study on future market conditions for sisal says that current over-capacity in the *production of polypropylene*—sisal's chief man-made rival—might push down the synthetic's prices inspite of rising costs of oil, the main input.

Another threat to sisal comes from generally shrinking demand for twine, whether made from sisal or polypropylene. But closures of factories making the synthetic fibre might help sisal to regain some of its lost market share in coming years.

Brazil raises coffee price

BRAZIL has raised its minimum coffee export price for the third time in two weeks. The latest 5 cents rise brings the price to $1.90 a lb, just short of the $1.93-1.94 level actually being asked on the world market, before allowing for the 40 cents a lb discounts being granted to roasters.

The Brazilian price increase had no impact on coffee futures prices, which fell on producer and speculator selling.

U.S. stockpile moves

WASHINGTON—Federal stockpile officials asked a House of Representatives appropriations subcommittee for $169.9m to buy materials considered in deficit supply.

Commissioner Roy Markon of the General Services Administration's Federal Property Resources Service said that the *U.S. government would use the* funds to buy 18 commodities:

BRITISH COMMODITY MARKETS

COPPER—Easier on the London Metal Exchange. After dropping to £1,005 during the late inter-office trading on Monday, forward metal recovered strongly to £1,065 on the pre-market, owing to fresh buying and short-covering. During the rings the price fell back to £1,040 on profit-taking before rallying to around £1,050 on the kerb. In the afternoon the market held steady at £1,040, despite the weak opening on Comex and moved further ahead to £1,055 on renewed short-covering. However, with New York losing more ground the market dipped to close the late kerb at £1,040 after £1,036. Turnover 32,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1043-.5	-31.3	1038-40	-5
3 months	1052-4	-41.5	1050-1	-11
Settlem't	1043.5	-32.5	—	......
Cathodes				
Cash	1005-6	-31.5	1003-5	+15
3 months	1031-3	-34.5	1022-7	+4
Settlem't	1006	-32	—	......
U.S. Prod	—	......	*108-23	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,043, three months £1,042, 41, 40, 41, 42, 43, 46, 47, 50, 51, 53, 50, 52, 54, 55, 54, 53, 52, 53, 54, 53. *Cathodes cash £1,005, three months* £1,032. Kerb: Wirebars three months £1,053, 50, 49, 50, 51, 50, 48, 47, 46, 45, 43, 40, 41. Afternoon: Wirebars three months £1,060, 58, 58, 57, 56, 57, 58, 59, 60, 59, 50, 51, 52, 53, 54, 53, 52, 51. Kerb: Wirebars three months £1,046, 47, 46, 45, 42, 41, 40, 38, 37, 40, 41, 40.

TIN—Down on the previous day's unofficial close. After dropping sharply to £7,650 in the inter-office trading on Monday, forward metal opened firmer at £7,850 and moved up to £7,880, reflecting continued U.S. physical demand. However, hedge selling pared the price to around £7,770 during the rings. In the afternoon fresh covering against U.S. business prompted a strong recovery which left the price at £7,930 on the late kerb. Turnover 1640 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7745-50	-387	7890-900	-95
3 months	7795-800	-377	7890-900	-160
Settlem't	7750	-390	—	......
Standard				
Cash	7745-50	-387	7890-900	-95
3 months	7795-800	-377	7890-900	-160
Settlem't	7750	-390	—	......
Straits E.	$2401	-20	—	......
New York	—	......	—	......

Morning: Standard cash £7,760, 50, 40, 50, three months £7,780, 70, 90, 80, 90, 95. Kerb: Standard three *months £7,800.* Afternoon: Standard three months £7,820, 50, 60, 65, 60, 70, 7900.

LEAD—Firmer for forward metal. Forward metal recovered strongly to trade at £460 on the pre-market, reflecting short-covering. However, this rally was short-lived and the price fell back to around £441 in the rings. The afternoon brought a fresh rally with forward metal moving up to £464 but renewed selling became apparent and three months' metal dipped to close that late kerb at £458.5. Turnover 19,050 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	480-5	-35	483-5	-13.5
3 months	449-50	-24	463-4	+8.5
S'ment	485	-35	—	......
U.S. Spot	—	......	*50	......

Morning: cash £480, 90, 85, three months £443, 42, 41, 40, 41, 42, 43, 44, 45, 47, 49, 50. Kerb: three months £448, 47. Afternoon: three months £450, 52, 55, 54, 53, 55, 57, 59, 60, 62, 64, 63, 62, 63. Kerb: three months £462, 60, 59, 58.

ZINC—Rallied along with lead. Forward metal traded between £331 and £340 during the morning but edged higher in the afternoon to close the late kerb at £345.5. Turnover 26,300 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	323-4	-8.5	337-8	+18.5
3 months	335-6	-8	345.5-6	+19.5
S'ment	324	-8	—	......
Primw'ts	—	......	*39.5	......

Morning: cash £323, three months £335, 34, 33, 34, 36, 35. Kerb: three months £335, 34, 33, 32. Afternoon: cash £335, 36, 37, three months £339, 38, 37, 36, 35, 34, 37, 40, 41, 43, 44, 45, 46, 47, 46, 45, 45. Kerb: three months £347, 48, 47, 46.

ALUMINIUM—Rallied strongly as short-covering was only partly met by further speculative liquidation. Forward metal opened at £785 and moved up quickly to touch £830 before easing back to close the late kerb at £813.5. Turnover 23,650 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	798-800	-31	805-10	+34
3 months	812-3	-36	815-7	+22.5

Morning: three months £805, 7, 5, 2, 5, 6, 7, 6, 4, 14, 12, 13, 14, 13, 11, 12. Kerb: three months £812. Afternoon: three months £818, 17, 19, 19.5, 20, 19, 18, 15, 17, 16. Kerb: three months £818, 16, 14, 17, 14, 13.

NICKEL—Barely changed. After opening at £3,130 forward metal dipped to £3,080 during the rings before rallying strongly in the afternoon to close the late kerb at £3,140, after £3,150. Turnover 684 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	2990-5	-96	3000-20	-10
3 months	3100-10	-85	3120-30	+5

Morning: three months £3,090, 3,100, 3,095, 90, 85, 80, 85, 90, 3,100, 10. Kerb: three months £3,100. Afternoon: three months £3,125, 20, 30, 20. Kerb: three months £3,150.

SILVER

Silver was fixed £1.141 an ounce lower for spot delivery in the London bullion market yesterday at £12.66. U.S. cent equivalents of the fixing levels were: spot $28.15, down $2.468; three-month $29.098, down $2.598; six-month $29.793, down $2.646; and 12-month $30.941, down $1.759. The metal opened at £13.15-13.55 ($29¾-30) and closed at the same level.

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	1266.00p	-114.1	1330.0p	-12.5
3 months	1307.50p	-120.	1365.0p	-7.5
6 months	1337.50p	-128.	—	......
12 months	1392.50p	-128.	—	......

LME—Turnover 216 (213) lots of 10,000 ozs. Morning: Three months 1300, 1280, 85, 1300, 1290, 80, 75, 80, 70, 75, 70. Kerbs: Three months 1280, 70. Afternoon: Three months 1370, 75, 70, 60, 70, 65. Kerbs: Three months 1365, 60, 45.

COCOA

Initially some £10 lower, futures moved to the highs of the day during the afternoon session before easing again to a quiet close. Apart from light trading in the nearby positions both cocoa beans and products were again neglected, both consumers and producers were content to stand aside at current levels, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1372-74	-1.5	1375-65
May	1407-09	-4.5	1418-02
July	1422-25	-10.0	1440-22
Sep	1443-45	-7.0	1460-43
Dec	1483-89	......	1494-85
March	1510-15	......	1508
May	1530-50	......	—

Sales: 1,338 (1,330) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound). Daily price March 10: 140.63 (140.89); Indicator price March 11: 15-day average 142.29 (142.87); 22-day average 145.06 (145.39).

COFFEE

After opening around unchanged levels Robustas soon weakened under commission house long liquidation and losses of £5-£17 were registered, reports Drexel Burnham Lambert. However producer and trade participation lifted values sharply and by midday earlier losses had been erased. Stop-loss orders were triggered as the market fell below recent support levels at the closing call.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1612-14	-31.5	1630-14
May	1643-45	-27.5	1671-40
July	1670-72	-33.5	1707-670
Sept	1705-08	-35.0	1740-07
Nov	1703-05	-32.0	1740-05
January	1698-704	-4.0	—
March	1670-80	-12.5	—

Sales 4,376 (4,644) lots of 5 tonnes.

ICS Indicator prices for March 10 (cents per pound): Other Mild Arabicas 187.67 (186.83); Robustas ICA 1976 173.25 (174.75); ICA 1968 173.50 (175.00); Unwashed Arabicas 204.00 (same); Comp. daily ICA 1968 192.53 (192.81).

GRAINS

LONDON GRAIN FUTURES—Old crops moved lower on aggressive commercial selling but strong shipper support steadied the market. New crops came under hedge pressure and closed lower with origin selling causing the dip, reports Acli.

	WHEAT		BARLEY	
Mnth	Yest'rdays close	+ or —	Yest'rday close	+ or —
Mar.	94.60	-0.60	93.00	-0.40
May	97.60	-0.60	95.70	-0.35
Sept	94.35	-0.20	92.00	-0.25
Nov	98.30	-0.30	96.25	-0.30
Jan	102.30	-0.25	100.25	-0.25

Business done—Wheat: March 93.70-93.60, May 96.90-96.50, Sept. 94.35-94.00, Nov. 98.35-98.15, Jan. no trade. Sales: 286 lots of 100 tonnes. Barley: March 93.10-93.00, May 95.85-95.35, Sept. 92.05-91.70, Nov. 96.30-96.00, Jan. no trade. Sales: 132 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent March 99.00, April 97.75, May 97.25 transhipment east coast. Maize: U.S./French March 116, April 117 transhipment east coast. South African Yellow April 75.50. Barley: English Feed fob March 99.50, April 100.50, April/June 101 east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley S. East 93.80, S. West 94.90, W. Midlands 94.10, N. West 93.30. Milling wheat W. Midlands 97.40.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 103 tonnes, bringing the total for the week so far to 670 tonnes. Demand slackened, but forward interest was still sustained among users. Operations were mainly in American styles, with mixed support in Turkish and Russian qualities.

JUTE

JUTE—April C and F Dundee: BWC £220, BWD £190, BTB £269, BTC £234, BTD £204, C and F Antwerp April: BWC $499, BWD $429, BTB $610, BTC $534, BTD $465. Jute goods April C and F Dundee: 40 in 10 oz £15.59, 40 in 7.5 oz £12.01. B Twills £33.97.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 11 1980	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt (cs)	$1880/1900		$2180/22
Copper			
Cash w'bar	£1,039	-3	£1,372
3 mths	£1,050.5	-1	£1,376.5
Cash Cathode	£1004	+15	£1,316
3 mths	£1024.5	+3	£1,343.5
Gold troy oz	$568.5	-16	$697.5
Lead Cash	£484	-13.5	£518
3 mths	£463.5	+9.5	£497.5
Nickel	£2995		£3,185.75
Freemkt (cif) (lb)	305/325c		325/350c
Platin'm tr'y oz	£189.0		£189
Free Mkt	£383.85	-17.5	£398.25
Quicksilver	$360/370		$395-405
Silver troy oz	1266p	-114.1	1714.7p
3 months	1307.50p	-120.0	1747.05p
Tin Cash	£7,895	-95	£7,385
3 mths	£7,895	-160	£7,417.5
Tungsten	$143.86		$158.72
Wolfram 22.04 lb	$141/149		$139/144
Zinc cash	£337.5	+18.5	£381
3 months	£345.75	+19.5	£392.5
Producers	$825		$760/835
Oils			
Coconut (Phil)	$770t	-20	$855
Groundnut	‡		‡
Linseed Crude	£465		£437
Palm Malayan	$627.5	-2.5	$590
Seeds			
Copra Philip	$560		$550
Soyabean (U.S.)	$278		$297
Grains			
Barley Futures	£94.70	-0.35	£100.45
Maize			
French No3 Am	£116		£117.50
Wheat			
No. 1 Red Spg	‡		‡
No2 Hard Wint	‡		‡
Eng. Milling	‡		£97.85
Other commodities			
Cocoa ship't	£1,429	-2.5	£1,530
Future May	£1,408	-4.5	£1,472
Coffee Ft'r May	£1,644	-27.5	£1,495.5
Cotton A.Index	93.20c	-0.5	89.50c
Rubber (kilo)	68p		72p
Sugar (Raw)	£205	-25	£262
Woolt'ps 64s kl	305p kilo		292p kilo

r March. u April. v May. t March-April. x April/May. y July. z Indicator. § Buyer. † Per 76 lb flask.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. May 398, 404, nil, nil; Aug. 411, 418, nil, nil; Oct. 414, 415, 415, 2; Dec. 415, 418, nil, nil; Jan. 414, 416, nil, nil; March 422, 425, 422, 2; May 424, 430, nil, nil; Aug. 427, 434, nil, nil. Sales: 4.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. March 474.5, 475.0, 475.0-471.0, 55; May 483.0, 483.0, 487.0-472.0, 251; July 509.5, 511.0, 515.0-506.0, 202; Oct. 509.0, 510.0, 512.5-505.0, 216; Dec. 509.5, 509.5, 515.5-508.0, 286; March 512.0, 513.0, 514.0-506.0, 89; May 512.0, 513.0, 512.0-509.0, 17; July 513.0, 514.0, 515.0-512.0, 18. Sales 1,511.

RUBBER

The London physical market opened easier, with good interest at lower levels, closing on a steadier note. Lewis and Peat reported a Malaysian godown price of 323 nom. (330 nom.) cents a kg (buyer, May).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Apr	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]
Apr-Jne	[illegible]	[illegible]	[illegible]
Jly-Sept	[illegible]	[illegible]	[illegible]
Oct-Dec	[illegible]	[illegible]	[illegible]
Jan-Mar	[illegible]	[illegible]	[illegible]

Sales: 1,095 (1,862) at 15 tonnes, 38 (145) at 5 tonnes.

Physical closing prices (buyers) were: Spot 68.00p (68.00p); April 68.75p (68.50p); May 70.00p (70.50p).

SOYABEAN MEAL

The London market opened unchanged on a featureless trend, reports T. G. Roddick, and remained within a narrow trading range throughout the day to close with small losses.

	Yest'rdy's Close	+ or —	Business Done
	£ per tonne		
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]
February	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]

Sales: 83 (66) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £205.00 (£230.00) a tonne cif for March-April shipment. White sugar daily price was £222.00 (£260.00).

First trades in May were above kerb levels but prices then dipped by £10 down. On re-opening prices fell further before rallying after New York quotations moved higher, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: 10,061 (10,913) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £289.00 (£321.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for March 10: Daily price 19.49 (20.47); 15-day average 21.89 (22.18).

HIDES—Birmingham: Reacting to stronger interest. Second clears. Ox 31-35.5 kilos, 54.8p a kilo (53.5p); 26-30.5 kilos, 50.8p (47.3p); 22-25.5 kilos, 64.5p (60.2p). Light cows 52.0p (50.0p a kilo withdrawn).

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.90, codlings £2.80-£4.20. Large haddock £3.70-£4.00, medium £3.30-£3.80, small £2.00-£2.50. Best small plaice £3.00-£3.90. Lemon soles (large) £10.00, medium £9.00. Saithe £2.00.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on March 11. GB cattle 81.40p per kg l.w. (+1.11); GB sheep 180.1p per kg est dcw (+1.9); GB pigs 66.6p per kg lw (+2.2).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0; Eire hindquarters 75.0 to 77.0, forequarters 47.0 to 50.0. Lamb: English small 50.0 to 70.0, *English small 73.0, medium 54.0 to 68.0, heavy 45.0 to 64.0; Scottish medium 54.0 to 64.0. Imported frozen: NZ PL new season 53.0 to 54.0, PM new season 51.0 to 52.0. Pork: English, under 100 lb 39.0 to 48.0, 100-120 lb 40.0 to 48.0, 120-160 lb 39.0 to 44.0. * Special quotation—Very high quality produce in limited supply.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Spania: Navels 4.00-4.50; Jaffa: Shamouti 50/168s 4.20-5.45; Moroccan: Valencia Lates 4.00-4.20; Cyprus: Valencia Latas 3.90-4.20. Ortaniques—Jamaican: 54/128s 6.50-7.25. Satsumas—Spania: 95/189s 3.40-4.30. Wilkings—Spania: 5.00-6.00. Lemons—Italian: 100/150s 4.20-4.50; Cyprus: 15-kg 84/120s 3.40-4.30; Californian: 99/165s 4.80-6.00; S. African: 80/120s 5.0-5.60. Grapefruit—Cyprus: 20-kg 3.20-4.40; Jaffa: Large boxes 32/88s 4.00-4.60; Florida: Pink flesh 36/48s 5.20-5.40. Apples—French: Golden Delicious, boxes 40-lb 138/175s 4.50-5.80, 20-lb 2.20-3.00; Granny Smith 20-lb 2.80-3.80, Starkcrimson approx. 20-lb 72s 3.00; 40-lb 6.80-7.00; Italian: Granny Smith 20-lb, per pound 0.16-0.17, Jonathan 0.09½, Starking 0.10-0.14, Romes 0.10. Pears—S. African: approx. 34 lb Williams Bon Chretien 6.80, Beurre Hardy 6.20, Beurre Bosc 5.80. Grapes—S. African: Alphonse Lavallee 6.80, Waltham Cross 5.50-5.80. Plums—S. African: Per pound Sungold 0.60-0.70. Avocados—Israeli: 4.00-4.20. Melons—Chilean: White 8.00-8.50, Green 10.50-11.50; Colombian: Green 10-kg 6.00-6.50. Pineapples—Ivory Coast: Each 12s 0.50-0.80, 6s 1.00-1.10; S. African: 6/9s 2.70-3.40. Bananas—Jamaican: 26-lb 0.17. Onions—Spanish: 4.50-5.80; Dutch: 3.50; Canadian: 50-lb 4.30. Tomatoes—Canary: 4.50-5.50. Lettuce—Dutch: 24s 2.40; French: 0.90-1.00. Cucumbers—Canary: 14/18s 1.80-2.40; Dutch: 3.50. Capsicums—Canary: Per approx. 6 kilos 5.40; Cuban: 4.50-4.70. Celery—Israeli: 20/28s 3.00-3.50; Spanish: 18/36s 3.0-3.60; Californian: 36s 7.20. Chicory—Belgian: 5-lb 1.60-1.80. Potatoes—Italian: Boxes 20-lb 2.20; Egyptian: White 4.20. King Edward 4.60-4.70; Canary: 7.40; Cyprus: New per pound 0.20. Dates—Tunisian: 30s per box 0.34-0.40. Cauliflowers—French: 24s 6.00-6.20; Jersey: 5.50.

English Produce: Potatoes—Per bag 2.30-2.80. Mushrooms—Per pound 0.55-0.65. Apples—Per pound Bramley 0.09-0.15, Cox's Orange Pippin 0.13-0.20. Pears—Per pound Conference 0.07-0.14, Comice 0.16-0.22. Swedes—Per 25/28 lb 0.60-0.70. Turnips—Per 28 lb 1.0. Sprouts—Per pound 0.06-0.07. Carrots—Per bag 0.50-1.00.

CORAL INDEX: Close 453-458 (+4)

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	Last	July Vol.	Last	Oct. Vol.	Last	Stock
ABN C	F.280	—	—	4	4.50	—	—	F.272
AKZ C	F.22.50	1	2.40	16	2.80	—	—	F.23.80
AKZ C	F.25	6	0.70	2	1.20	10	1.60	"
AKZ C	F.27.50	—	—	—	—	38	0.80	"
AKZ P	F.25	12	1.90	—	—	—	—	"
AKZ P	F.27.50	4	3.60	5	4	—	—	"
HEI C	F.65	—	—	—	—	2	3.90	F.61.80
HEI P	F.70	2	8.50	—	—	—	—	"
HO C	F.20	—	—	10	1.70	20	2.50	F.19.20
HO C	F.22.50	—	—	—	—	4	1.60	"
HO C	F.25	—	—	11	0.50	—	—	"
IBM C	$60	8	4⅞	—	—	—	—	$62⅛
IBM C	$65	18	2⅛	—	—	—	—	"
KLM C	F.70	75	2.50	8	5.40	2	7	F.67.80
KLM C	F.80	10	0.40	4	1.60	40	3.20	"
KLM P	F.60	10	1.20	5	2.80	—	—	"
KLM P	F.70	50	5.30	1	6.50	—	—	"
NN C	F.110	—	—	—	—	3	5.30	F.108.20
NN C	F.115	1	0.80	12	2.50	3	2	"
NN C	F.120	—	—	—	—	—	—	"
PET C	Fr.5500	11	280	—	—	—	—	Fr.5300
PET C	Fr.6000	5	40	—	—	—	—	"
PHI C	F.17.50	10	1.10	—	—	41	2	F.18.40
PHI C	F.20	—	—	56	0.50	55	1	"
PHI P	F.17.50	55	0.40	—	—	—	—	"
PHI P	F.20	—	—	33	2	5	2	"
RD C	F.140	1	22	—	—	—	—	F.162.80
RD C	F.150	68	12.50	10	15	19	18.50	"
RD C	F.160	370	5.90	334	8	1	12	"
RD C	F.170	562	2.70	141	4.50	3	6.80	"
RD P	F.140	—	—	—	—	17	2	"
RD P	F.150	166	0.90	21	4.50	—	—	"
RD P	F.160	81	4.40	72	8.50	—	—	"
RD P	F.170	82	11	73	15.50	—	—	"
UNI C	F.110	30	2.80	5	5	5	4	F.108.20
UNI C	F.115	20	1	—	—	1	2.60	"
UNI C	F.120	51	0.60	—	—	—	—	"
UNI P	F.110	20	4.80	—	—	—	—	"
UNI P	F.115	10	7.20	—	—	—	—	"
XON C	$55	8	7¼	—	—	—	—	$60⅞
XON C	$60	16	4	—	—	—	—	"
XRX C	$70	—	—	—	—	1	2⅛	$55⅞
		May		Aug.		Nov.		
BA C	$60	25	4⅛	—	—	—	—	$57⅛
MMW C	DM.130	—	—	2	7	—	—	DM125
MMW C	DM.140	—	—	—	—	2	5	"
OXY C	$30	70	1⅛	12	3	—	—	$26⅝
SLB C	$110	15	8	—	—	—	—	$107
SLB C	$120	1	3⅝	5	7¼	1	11	"

TOTAL VOLUME IN CONTRACTS 2986

C=Call P=Put

AMERICAN MARKETS

NEW YORK, March 11.

DEALER BUYING provided considerable support for gold. Silver still suffered from technical selling and suffered heavy losses. Sugar closed mixed with distant months off the limit. Cocoa finished strong on reports of further damage to the Brazilian temporao crop. Coffee sold off on a lack of trade interest. The decline in cotton attracted trade interest. Copper advanced sharply on short-covering and dealer buying. Soyabeans continue eroding while grains finished mixed in a very narrow range, reported Heinold.

Potatoes (round whites)—April 46.4 (47.8), May 57.8-58.4 (58.5), Nov. 73.5-73.8. Sales: 710.

Copper—March 101.20 (95.00), April 102.00 (99.50), May 103.30-103.50, July 106.00-106.40, Sept. 108.50-109.00, Dec. 110.00-110.50, Jan. 111.80, March 111.50, May 113.70, July 114.60, Sept. 115.30, Dec. 116.50, Jan. 116.90. *Sales: 12,000.*

¶Silver—March 2900.0-2940.0 (2975.0), April 3262.0 (3362.0), May 3305.0, July 3375.0, Sept. 3447.0, Dec. 3527.0, Jan. 3554.0, March 3608.0, May 3682.0, July 3716.0, Sept. 3770.0, Dec. 3840.0, Jan. 3864.0. Sales: 3,000. Handy and Harman bullion spot 2950.00 (2945.00).

Sugar—No. 11: May 21.80-21.90 (19.83), July 23.57 (24.57), Sept. 24.60, Oct. 25.09, Jan. 25.55, March 26.08, May 26.00, July 26.15.

Tin—$25.00-845.00 asked (800.00-845.00).

CHICAGO, March 11.

Lard—Chicago loose 19.50 (same). New York prime steam unavailable.

Live Cattle—April 68.75-68.55 (69.10), June 70.70-70.90 (71.30), Aug. 70.40-70.55, Oct. 69.15-69.30, Dec. 70.50-70.70, Jan. 71.30, Feb. 71.15-71.07.

Live Hogs—April 35.95-36.10 (36.47), June 40.60-40.65 (40.55), July 41.45-41.60, Aug. 41.00, Oct. 40.60, Dec. 43.45-43.50, Feb. 46.25, April 45.40, June 46.40.

‡‡Maize—March 260½-260¾ (261½), May 270¾-271 (271¼), July 283-283¾, Sept. 293½-294, Dec. 303½-304, March 316¼.

Pork Bellies—March 40.10-40.15 (38.67), May 41.45-41.65 (41.22), July 43.20-43.10, Aug. 41.80-42.10, Feb. 52.10-51.75, March 52.35, May 53.35, July ——, Aug. ——.

Silver—March 2950.0 (2940.0), April 3980.0 (2975.0), June 3335.0, Aug. 3395.0, Oct. 3455.0, Dec. 3510.0, Feb. 3570.0, April 3635.0, June 3690.0, Aug. 3750.0, Oct. 3810.0, Dec. 3870.0, Feb. 3930.0, April 3990.0, June 4050.0, Aug. 4110.0.

†Soyabeans—March 619 (621), May 638½-640 (643½), July 662-663, Aug. 672½, Sept. 680½-679½, Nov. 694-695, Jan. 711-712, March 728-730½.

‖Soyabean Meal—March 168.90 (169.60), May 175.90-175.70 (176.60), July 182.30-182.70, Aug. 185.70, Sept. 188.20, Oct. 191.10-191.50, Dec. 194.50-194.30, Jan. 197.00-196.00, March 202.00.

Soyabean Oil—March 22.20 (22.22), May 22.62-22.60 (22.72), July 23.18-23.15, Aug. 23.45-23.48, Sept. 23.80, Oct. 24.00, Dec. 24.35-23.40, Jan. 24.55, March 24.95-24.90, May 25.30-25.35.

†Wheat—March 429-429½ (429¾), May 439-439½ (439), July 444½-445, Sept. 455-455½, Dec. 472-471½, March 483½-484.

WINNIPEG, March 11. §Barley—March 111.20 (110.20), May 114.00 (113.30), July 117.00, Oct. 114.00, Dec. 113.90.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 220.30 (219.90).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 11.

Wheat—U.S. No. 2 Red Winter April $195. U.S. No. 2 Northern Spring, 14 per cent, March $200, April $196, May $196, June $197. Rest unquoted.

Soyabeans—U.S. Two Yellow Gulfports March $260.50, April $263.75, May $266.75, June $272.50, July $275, Aug. $278.50, Sept. $282, Oct. $285, Nov. $285, Dec. $291, Jan. $295, Feb. $302, March $304.75 sellers, Aug. $277.50 paid.

Soyameal—44 per cent protein U.S. March $226 traded, afloat $227, March $226, April-May $226, April-Sept. $231, Nov.-March $251. Brazil Pellets March $238, April-May $233.50, June-July $237.50, April-Sept. $238 sellers.

PARIS, March 11.

Cocoa (FFr per 100 kilos)—March 1282-1304, May 1298-1305, July 1310, Sept. 1348-1355, Dec. 1360-1365, March 1387-1373. Sales at call 0.

Sugar (FFr per 100 kilos)—May 2079-2080, July 2080-2130, Aug. 2130-2135, Oct. 2181, Nov. 2180, Dec. 2250-2280, March 2290, May 2320. Sales at call 11.

INDICES

FINANCIAL TIMES

Mar. 10	Mar. 7	M'nth ago	Year ago
294.59	300.65	314.49	275.67

(Base: July 1, 1952=100)

MOODY'S

Mar. 10	Mar. 7	M'nth ago	Year ago
1320.5	1376.6	1487.1	1055.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar 10	Mar. 7	Month ago	Year ago
Spot	414.29	427.39	466.66	379.89
F'tur's	443.48	451.12	470.16	386.02

(Average 1924-25-26=100)

REUTERS

Mar. 11	Mar. 10	M'nth ago	Year ago
1758.0	1765.6	1840.6	1539.0

(Base: September 18, 1931=100)

Golds tumble and index sustains biggest-ever loss
Gilts and equities edge forward—Oils steadier

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb. 25	Mar. 6	Mar. 7	Mar. 17
Mar. 10	Mar. 20	Mar. 21	Mar. 31
Mar. 24	Apr. 10	Apr. 11	Apr. 21

* "New time" dealings may take place from 9 a.m. two business days earlier.

A quiet and usually firm scene in stock markets was marred yesterday by a steep slide in South African Gold shares and by a lesser setback in Australian mining issues. The former ran into formidable selling from a variety of sources generated by lower bullion prices for the fourth consecutive day, while the latter sector was unsettled by the continued liquidation of speculative positions in base-metal and commodity markets.

Gold shares were unable to sustain a recovery until the late dealings and then prices came away from the lowest fairly rapidly. Losses, however, still ranged to nearly four points among the marginal and heavier-priced producers. The FT Gold Mines index, in consequence, suffered its largest ever single-day fall of 38.9 to 298.6. Australian mining and exploration issues fell on the late overnight weakness in base-metal prices.

Meanwhile, Government securities continued to edge forward and the tone was mildly encouraged by February's banking statistics. However, late scattered offerings, some on foreign account, pared gains at both ends of the market from about ½ to ¼. Hopes that the protracted steel dispute would soon be settled also helped sentiment generally.

Leading shares were faint-hearted for the first hour or so but grew more confident in the absence of any further falls in the Oil majors and the more speculative secondary oil stocks. Trade throughout the sector was much quieter than of late with British Petroleum holding at around 362p ahead of tomorrow's preliminary results. Shell regained 6 to 382p.

The trend in leading industrials was illustrated by the FT 30-share index which was 0.8 easier at the first calculation of the day, that much firmer at noon and finally 3.3 up on balance at 455.6. Constituent issues were seldom more than a penny or two with the notable exceptions of Guest Keen and Turner and Newall, the latter rising 6 to 127p awaiting today's preliminary statement.

Activity in Traded options was further reduced with only 494 contracts completed compared with last week's daily average of 772. The only issues to attract a reasonable business were Shell, 121, RTZ, 103, and BP, 101.

Sedgwick Forbes up

Lloyds brokers were featured by a rise of 4 to 97p, after 98p, in Sedgwick Forbes following satisfactory preliminary results. Other issues hardened in sympathy with Minet up 4 at 100p and Hogg Robinson a couple of pence dearer at 108p. Composites closed quietly firm. Royals gained 3 to 333p and GRE 2 to 240p; the latter's annual results are due on April 9.

The major clearing banks took a modest turn for the better. Lloyds closed 4 higher at 286p following the annual report, while Midland edged forward a penny to 326p ahead of Friday's results. In merchant banks, Brown Shipley were favoured at 302p, up 6, but Hambros relinquished 5 to 330p. UDT hardened a penny to 55p in belated response to Press comment in Hire Purchases, while Wagon Finance attracted renewed support and finished 2 better at 37p.

Breweries remained listless, although selected leaders finished a shade firmer along with the market trend. Whitbread, 141p, Bass, 220p, and Arthur Guinness, 96p, all added a penny.

Inclined easier at the start, Building leaders picked up to close without much alteration on the day. Elsewhere, Cement-Roadstone responded to the preliminary figures with a rise of 4 to 82p, while the recovery in half-yearly profits prompted a gain of 5 to 110p in J. Jarvis. Other bright spots included SGB, up a similar amount at 262p, and Vibroplant, 10 higher at 290p.

ICI fluctuated narrowly before closing unchanged on the day at 370p. Elsewhere in the Chemical sector, falls of a few pence were marked against Brent, 226p, Catalin, 78p, and Allied Colloids, 120p.

Status Discount good

A Press suggestion that MFI may launch a bid for Status Discount sparked off speculative buying of the latter which rose steadily and closed 6 up at 71p, after 72p. Elsewhere in Stores, Home Charm became popular and rose 6 to 145p and Bakers Household improved 2 to 99p. The leaders failed to attract much business but closed firmer for choice. Woolworth hardened a fraction to 68½p awaiting today's preliminary results.

Leading Electricals rarely strayed far from overnight closing levels. Thorn closed 4 firmer at 318p and GEC a shade dearer at 374p, but Racal, 2 cheaper at 208p, continued to trend lower. Elsewhere, scattered support lifted Electronic Rentals 3 to 109p, but Louis Newmark, a particularly good market of late, reacted 8 to 330p in a limited market. BSR improved a penny to 33p awaiting today's preliminary results, while Dubilier hardened a shade to 41½p following acquisition news.

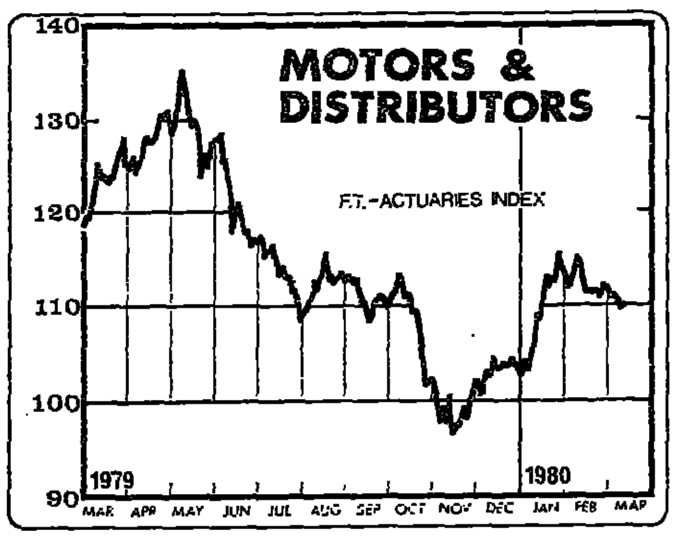
Rising hopes that the steel dispute could soon be settled gave a small boost to confidence in the Engineering leaders. GKN edged up 7 to 275p and Hawker firmed 4 to 178p, while Tubes, 294p, and John Brown, 56p, both closed a shade dearer. Interest in secondary issues was at an extremely low level and quotations were rarely altered. Among the few changes, Ductile Steels responded to better-than-expected interim figures with a rise of 4 to 82p. Alcan Aluminium continued firmly and put on 3 more to 105p, but Amalgamated Power, a recent speculative favourite, reacted 3 to 92p.

Despite a denial from S. and W. Berisford of any takeover intention, British Sugar continued to draw strength from Monday's disclosure that the former has acquired a near 10 per cent stake in the company and the shares improved 10 to 170p; Berisford eased 1p to 151p. Elsewhere among generally firmer Foods, Associated Dairies rose 6 to 184p, while Tate and Lyle added a few pence to 144p. Rowntree Mackintosh shed a penny more to 145p, while United Biscuits gave up 3 to 87p. Dull of late on fears of poor results due to increased VAT rates, George Bassett rallied 4 to 86p. Alpine Soft Drinks lacked support and fell 5 to 90p.

Grand Metropolitan made modest headway in thin trading and closed a couple of pence better at 132p, and Trusthouse Forte added 4 to 179p.

Turner & Newall firm

An unsettled market of late following Mr. Mugabe's success in the Rhodesian election, Turner and Newall revived yesterday with a rise of 6 to 127p on buying ahead of today's preliminary results. Other miscellaneous industrial leaders traded around the overnight levels for most part of the day before edging a penny or two higher late. Reckitt and Colman finally added 4 to 204p and Boots put on 2 to 182p. Johnson Matthey fell 12 to 280p reflecting the sharp drop in precious metal prices. Vinten were sold down to 126p before closing a net 6 lower at 132p. Johnson Group Cleaners gave up 3 to 172p, after 170p, after the results and Pentos closed a penny off at 60p, after 56p, also after trading news. Still drawing strength from the excellent interim figures, Parker Knoll A rose 9 to a two-day advance of 24 to 122p, while Stag Furniture scored a sympathetic rise of 5 at 183p. J. Bibby put on 2 to 188p following the better-than-expected annual results and Gripperrods rose 4 to 192p on revived speculative support. Applied Computers added 5 to 330p as did Clement Clarke, to 120p, and ICL, to 136p. Negretti and Zambra relinquished 3½ to 56½p.



After early firmness, support for Rolls-Royce fell away on reflection of Monday's preliminary results and the shares ended 2½ lower on balance at 63½p, after 67p. Other Motors were irregular. Lex found support and hardened 2½ to 92½p, but Caffyns, 153p, and Appleyard, 75p, both shed around 3.

Reflecting hopes that interest rates have peaked, Properties made further useful progress although demand was fairly modest. Land Securities led the advance with a rise of 7 to 300p, while MEPC gained 6 to 204p and Great Portland Estates rose 5 to 235p. Peachey appreciated 4 to 138p as did Stock Conversion, to 372p. London Provincial Shop jumped 12 to 306p and Estates and Agency improved 3 to 97p.

Oils better

Oil shares took on a distinctly better appearance after the recent sharp setback. Following news of the agreed counter-bid from Sun Company Inc., dealings resumed in Viking Oil at £10¼ compared with the suspension price of 910p. News of the Viking offer encouraged scattered support for other secondary North Sea issues, with Siebens (UK) rallying further to 600p before settling at 570p for a rise of 20 on the day. Lasmo firmed 10 to 480p, while recent newcomer Berkeley Exploration closed 5 dearer at 100p, after 102p. Elsewhere, Weeks Petroleum closed 10 lower at 380p after the annual results. Among the leaders, BP, awaiting tomorrow's preliminary results, firmed to 366p before closing a few pence cheaper on the day at 362p. Shell, however, ended 6 to the good at 382p.

Movements in Trusts were limited to a few pence either way. Among Financials, Charterhouse Group encountered selling and gave up 4 to 72p, but Robert Kitchen Taylor traded firmly and improved 5 to 125p.

Shippings were inclined harder. Awaiting fresh developments in the bid situation, Furness Withy rallied 5 to 370p. Modest rises were again the order of the day among quiet Textiles. Montfort firmed a penny to 88p in front of today's annual results, while Sirdar added 2 to 104p on speculative demand. Lister picked up a penny more to 68p, but recently firm David Dixon shed a couple of pence to 110p. Among the leaders, Carrington Viyella hardened a further fraction to 15p, while Coats Patons added 1½ to 46p and Tootal closed a penny to the good at 27p.

Rats continued the recent recovery and both issues rose 5, the Ordinary closing at 238p and the Deferred at 235p.

The sharp fall in the price of gold prompted weakness among South African industrials. Abercom and South African Breweries fell 9 and 7 respectively to the common level of 125p, while Barlow Rand lost 20 to 425p.

Plantations finished a shade firmer after a subdued business. Guthrie added 5 to 760p, while revived takeover speculation helped London Sumatra, at 402p, to recover most of the previous day's fall of 15.

Golds tumble

South African Gold shares suffered their biggest ever one-day fall as the bullion price lost ground for the fourth consecutive day to close $17 down at $568.5 an ounce. Heavy overnight American offerings saw quotations marked down sharply at the outset. The market then encountered a further wave of selling from London, Johannesburg and Continental sources. This continued for the rest of the day until bear closing and "cheap" buying from the U.S. in the after-hours' business prompted a minor rally. Nevertheless, the Gold Mines index retreated a record 38.9 to 298.6 bringing the fall over the past three trading days to 70.7 or 19.1 per cent.

Heavyweights sustained losses to £3½ with Hartebeest that amount lower at £25½. Durban Deep dropped a like amount to £11½, after £10½, Free State Geduld £3¼ to £23, and St. Helena £2½ to £14½. Medium- and lower-priced issues showed Southvaal 139 off at 986p, Harmony 124 down at 795p and Venterspost 116 cheaper at 538p.

The heavy selling of Golds spilled over into Financials where Gold Fields of South Africa gave up £2½ to £38¼, Anglo American Corporation 40 to 540p, Johnnies a point to £31 and Transvaal Consolidated Land £2 to £17½.

De Beers fell to 420p, depressed by the poor performance of the South African market generally, before rallying to close 20 off on balance at 430p following the 1979 results.

London Financials encountered heavy selling during the early trading but prices tended to steady during the afternoon. Gold Fields ended 22 lower at 496p, Selection Trust 25 down at 730p and Rio Tinto-Zinc 13 easier at 384p.

Depressed prices for copper and free market platinum prompted large-scale selling of the producers. In Coppers, RCM dropped 37 to 190p while Platinums showed Impala 50 down at 268p and Rustenburg 38 cheaper at 234p.

Australians mirrored the weakness of metal prices. Among the leaders Bougainville gave up 18 more to 168p, North Broken Hill 8 to 160p, North Kalgurli 8 to 53p and Pacific Copper 26 to 184p. The speculative stocks fell heavily with Lennard Oil 25 lower at 60p and Samantha 10 off at 80p. Leichardt Exploration were aggressively sold after the latest progress report and dropped 60 to 345p.

FINANCIAL TIMES STOCK INDICES

—	Mar. 11	Mar. 10	Mar. 7	Mar. 6	Mar. 5	Mar. 4	A year ago
Government Secs.	64.18	64.15	63.85	63.94	64.31	63.96	72.64
Fixed Interest	64.76	64.70	64.72	64.74	64.86	64.80	72.58
Industrial	455.6	452.3	455.7	458.0	460.4	456.1	509.6
Gold Mines	298.6	337.5	352.3	369.3	364.7	366.9	170.0
Ord. Div. Yield	7.42	7.48	7.39	7.35	7.31	7.37	5.52
Earnings, Yld. % (full)	18.42	18.56	17.87	17.78	17.68	17.85	14.32
P/E Ratio (net) (*)	6.63	6.59	6.86	6.89	6.93	6.87	9.09
Total bargains	20,284	20,341	23,075	21,555	20,274	22,820	—
Equity turnover £m	—	90.77	126.88	106.66	105.47	100.68	174.10
Equity bargains total	—	16,024	17,788	16,211	16,497	17,526	33,608

10 am 451.5. 11 am 451.9. Noon 453.1. 1 pm 453.3. 2 pm 453.2. 3 pm 453.7.

Latest Index 01-246 8026.

*Nil=6.37.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (19/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (16/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (16/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (29/2/80)	129.9 (17/4)	442.3 (22/5/57)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 11	Mar. 10
—Daily		
Gilt Edged	115.0	141.9
Industrials	122.5	129.5
Speculative	71.7	51.1
Totals	85.9	90.2
5-d'y A'vr'ge		
Gilt Edged	138.5	147.5
Industrials	120.2	122.1
Speculative	57.4	56.7
Totals	86.9	89.8

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (13)

COMMONWEALTH & AFRICAN (1)
Sthn. Rhodn. 2½pc '65-70
BANKS (1)
Brown Shipley
BUILDINGS (1)
Lawrence (W.)
CHEMICALS (1)
Rentokil
ELECTRICALS (2)
Crystalate Farnell Electronics
INDUSTRIALS (5)
Gripperrods Parker Knoll A
Kalamazoo MacLellan (P. & W.)
Sale Tilney
OVERSEAS TRADERS (1)
African Lakes
MINES (1)
Malay Dredging

NEW LOWS (34)

FOREIGN BONDS (3)
Greek Yng 4½pc Greek 6pc 28 Stab.As.
Greek 4pc Mixed Ass.
AMERICANS (9)
Barnes Group Norton-Simon Inc.
Caterpillar Richardson-Merrell
CSolt Inds. Saul (B.F.)
Firestone Tire Xerox Cpn.
First Chicago
CAANADIANS (3)
Bk. of Montreal Bell Canada
Canadian Imp. Bank
BANKS (4)
Bkrs. Trust Y.Y. Sec. Pacific Cpn.
Cpnhagen. Handelsbk. Wells Fargo
CHEMICALS (2)
Norsk Hydro Hoechst
STORES (1)
Amber Day
ELECTRICALS (1)
Philips' Lamps
ENGINEERING (1)
Norton (W. E.)
FOODS (1)
Lockwoods
INDUSTRIALS (5)
Change Wares 12pc Ptg. Pref. Hyman (I. & J.)
Emhart Cpn. I.C. Industries
Platignum
INSURANCE (2)
Combined Ins. of America Ennia Finance (UK) 9pc Conv.
LEISURE (1)
Pan Atlas
PROPERTY (1)
McInerney

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	325	42	25	—	—	—	—	359p
BP	350	25	17	—	—	—	—	„
BP	360	—	—	40	2	54	—	„
BP	375	15	3	—	—	—	—	„
BP	400	9	54	—	—	—	—	„
Cons. Gold	420	66	8	108	2	—	—	498p
Cons. Gold	460	48	15	75	—	98	—	„
Cons. Gold	500	24	—	52	1	72	9	„
Cons. Gold	550	8	23	27	—	48	10	„
Courtaulds	80	2½	—	4½	3	6½	—	70p
GEC	360	30	20	50	—	63	—	375p
ICI	300	80	5	—	—	—	—	372p
ICI	330	50	10	66	—	—	—	„
ICI	390	10	—	28	1	41	—	„
ICI	420	5	10	20	—	29	—	„
Land Secs.	300	14	5	27	—	40	—	299p
Land Secs.	330	6	5	14	—	—	—	„
Marks & Sp.	100	2	10	6½	1	11½	—	93p
Shell	330	56	15	72	15	—	—	381p
Shell	360	28	2	48	2	60	—	„
Shell	390	13	17	32	37	40	11	„
Shell	420	7	—	15	22	24	—	„
Totals			244		86		30	
		May		August		November		
Imperial Gp.	80	3	—	5	—	7½	2	76p
Racal Elec.	180	35	10	42	—	—	—	208p
Racal Elec.	200	18	15	29	—	40	—	„
Racal Elec.	220	9	4	19	—	29	—	„
RTZ	390	28	8	47	1	60	—	383p
RTZ	420	15	32	34	55	45	1	„
RTZ	460	5	3	20	3	28	—	„
RTZ	500	2	—	12	—	—	—	„
Total			73		59		5	

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	69	1	20
Corpns., Dom. and Foreign Bonds	22	4	40
Industrials	206	234	958
Financial and Prop.	133	71	291
Oils	14	16	14
Plantations	3	11	14
Mines	4	109	38
Others	20	73	72
Totals	471	519	1,447

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

		Tues., Mar. 11, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Mar. 10 Index No.	Fri., Mar. 7 Index No.	Thurs., Mar. 6 Index No.	Wed., Mar. 5 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	243.31	+0.3	18.02	6.45	6.98	242.52	245.78	244.41	245.34	257.30
2	Building Materials (28)	236.84	+0.2	16.75	6.61	7.63	236.43	236.92	237.67	239.60	235.45
3	Contracting, Construction (28)	370.17	+0.1	25.61	6.54	4.77	369.75	371.00	373.34	372.07	390.35
4	Electricals (15)	624.27	+0.4	12.93	4.00	10.30	621.96	627.24	630.56	632.07	611.24
5	Engineering Contractors (11)	285.23	−0.4	25.96	8.97	4.90	286.44	289.04	289.78	293.05	395.81
6	Mechanical Engineering (74)	166.57	+0.4	20.63	7.83	6.01	165.88	166.57	166.29	167.26	196.65
8	Metals and Metal Forming (16)	169.50	+0.6	20.53	9.14	5.79	168.48	169.18	168.99	169.14	172.33
	CONSUMER GOODS										
11	(DURABLE)(50)	218.46	+0.4	16.32	5.70	7.53	217.65	218.77	219.54	223.10	231.65
12	Lt. Electronics, Radio, TV (15)	308.91	+0.4	12.44	4.31	10.30	307.56	309.03	310.20	316.80	307.86
13	Household Goods (14)	108.12	+0.5	28.11	10.14	4.21	107.59	109.05	109.22	110.04	167.05
14	Motors and Distributors (21)	110.00	+0.2	24.23	8.50	4.84	109.83	110.30	110.64	111.15	124.40
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	221.29	+0.5	18.27	6.92	6.74	220.23	220.70	222.71	223.33	241.60
22	Breweries (14)	266.84	+0.2	16.57	6.58	7.09	266.32	267.15	268.93	268.87	258.19
23	Wines and Spirits (5)	302.91	−0.1	17.92	6.12	6.89	303.21	303.24	305.73	305.53	346.88
24	Entertainment, Catering (17)	308.16	−1.3	17.98	6.81	6.95	304.35	305.56	310.90	312.63	315.45
25	Food Manufacturing (19)	197.99	−0.1	20.61	7.51	6.00	197.85	198.05	199.82	200.18	220.51
26	Food Retailing (15)	306.88	+0.5	13.53	4.89	8.83	305.29	305.35	308.10	306.66	279.38
32	Newspapers, Publishing (13)	426.72	+0.2	23.65	7.10	5.77	426.03	428.75	436.10	436.51	424.53
33	Packaging and Paper (15)	128.44	+0.4	23.19	8.86	5.55	127.87	128.78	130.61	131.39	148.67
34	Stores (43)	222.78	−0.3	13.81	5.11	9.36	222.07	223.48	224.61	224.95	229.87
35	Textiles (24)	129.66	−0.8	27.38	11.88	4.60	128.64	128.24	128.56	130.00	184.12
36	Tobaccos (3)	201.51	−1.7	28.90	11.67	3.93	198.14	195.74	199.40	202.38	291.21
37	Toys and Games (5)	35.00	−0.4	42.97	14.50	2.86	34.85	34.79	34.83	35.02	92.23
41	OTHER GROUPS (97)	204.61	+0.2	16.93	7.05	7.10	204.23	207.24	208.13	209.73	217.05
42	Chemicals (17)	296.52	+0.1	20.65	8.02	5.54	296.37	306.00	306.79	307.68	304.82
43	Pharmaceutical Products (7)	211.30	+0.3	12.05	6.05	10.12	210.74	213.38	211.89	214.14	268.06
44	Office Equipment (6)	115.94	+0.7	18.24	7.05	6.38	115.10	115.83	117.56	121.27	147.20
45	Shipping (10)	468.08	−0.3	11.31	6.90	11.28	469.68	471.35	478.18	480.45	426.99
46	Miscellaneous (57)	243.54	+0.3	16.58	6.65	7.64	242.87	245.55	245.37	247.10	239.77
49	INDUSTRIAL GROUP (492)	229.64	+0.4	17.74	6.74	6.94	228.61	230.22	231.57	232.77	246.38
51	Oils (8)	772.00	+0.4	20.80	5.79	5.07	768.71	808.05	824.02	840.16	620.67
59	500 SHARE INDEX	272.48	+0.4	18.40	6.54	6.43	271.47	275.74	278.20	280.53	277.05
61	FINANCIAL GROUP (117)	194.21	+0.6	—	5.90	—	193.05	193.60	195.56	196.79	195.16
62	Banks (6)	212.89	+0.4	42.43	6.68	2.92	212.14	216.03	218.80	222.28	226.28
63	Discount Houses (10)	212.92	—	—	9.37	—	212.83	213.25	214.29	214.49	245.42
64	Hire Purchase (5)	187.90	+1.1	17.48	5.28	7.43	185.94	186.12	186.62	186.73	181.16
65	Insurance (Life) (10)	173.32	+0.1	—	6.07	—	173.22	172.79	175.40	174.39	151.88
66	Insurance (Composite) (9)	126.17	+0.2	—	7.79	—	125.87	125.25	126.00	127.43	142.23
67	Insurance Brokers (10)	285.98	+1.7	17.24	6.85	8.34	281.17	284.07	285.13	287.17	336.81
68	Merchant Banks (14)	102.57	−0.5	—	5.90	—	103.12	103.33	103.73	104.10	90.56
69	Property (44)	371.80	+1.5	3.61	2.97	39.69	366.34	363.98	368.22	368.91	329.12
70	Miscellaneous (9)	129.28	−0.4	16.07	7.07	8.17	129.81	130.55	132.15	130.89	124.19
71	Investment Trusts (109)	217.91	+0.3	—	5.97	—	217.20	219.14	221.31	221.66	234.23
81	Mining Finance (4)	197.53	−3.7	11.67	4.48	10.40	205.04	210.02	216.39	216.35	130.01
91	Overseas Traders (20)	398.39	−1.1	12.72	6.76	9.63	402.62	411.39	416.69	415.95	361.40
99	ALL-SHARE INDEX (750)	253.99	+0.3	—	6.34	—	253.34	256.78	259.33	261.19	255.27

FIXED INTEREST PRICE INDICES

	British Government	Tues., Mar. 11	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	100.69	+0.21	—	2.30
2	5-15 years	102.88	+0.20	—	2.20
3	Over 15 years	107.10	+0.21	—	2.11
4	Irredeemables	118.32	−0.26	—	1.78
5	All stocks	103.25	+0.20	—	2.16

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Tues., Mar. 11	Mon., Mar. 10	Year ago (approx.)
1	Low	5 years	13.12	13.15	8.91
2	Coupons	15 years	13.02	13.03	10.54
3		25 years	13.02	13.03	11.37
4	Medium	5 years	14.96	15.06	11.28
5	Coupons	15 years	14.61	14.62	11.94
6		25 years	14.39	14.43	12.09
7	High	5 years	15.11	15.17	11.62
8	Coupons	15 years	14.92	14.96	12.41
9		25 years	14.79	14.78	12.53
10	Irredeemables		12.49	12.46	10.96

		Tues., March 11 Index No.	Yield %	Mon. March 10	Fri. March 7	Thurs. March 6	Wed. March 5	Tues. March 4	Mon. March 3	Fri. Feb. 29	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	50.06	14.76	50.05	50.13	50.20	50.19	50.26	50.29	50.32	54.68
16	Investment Trust Prefs. (15)	47.70	16.88	47.61	47.55	47.55	47.55	47.55	48.15	48.15	50.39
17	Coml. and Indl. Prefs. (20)	61.26	14.61	61.14	61.08	61.04	61.16	61.41	61.55	61.44	70.77

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
RTZ	25p	15	384	−13	492	326
LASMO	25p	10	480	+10	538	124
Shell Transport	25p	10	382	+6	410	278
BP	25p	9	362	−2	414	220½
Cons. Gold Flds.	25p	8	496	−22	617	178
Burmah	£1	8	217	+2	249	82
Ultramar	25p	7	500	+10	526	197
Barclays Bank	£1	6	420	—	514	360
ICI	£1	6	370	—	415	314
Imperial Group	25p	6	76	−1	108	71½
Turner & Newall	£1	6	127	+6	176	108
Western Mining	A$0.50	6	212	−7	268	121
Amal. Pwr. Eng.	25p	5	92	−3	144	62
BSR	10p	5	33	+1	55	27
Courtaulds	25p	5	70	—	122	69

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun. 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21

For rate indications see end of Share Information Service

Stocks favoured for the call included BSR, Town and City, Orter Exploration, Coral Leisure, Hestair, Wilkinson Match, Euro Ferries, Inco, Comfort Hotels, Acrow A, RTZ, BP, Lonrho, Northern Engineering, UDT and FNFC. A put was done in Ultramar, while doubles were arranged in Siebens (UK), John Brown, Town and City, Burmah, BP, Coral Leisure, Charterhall, Amalgamated Estates and UDT.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979-80 High	1979-80 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
50	50p	—	140	95	Berkley Exploration	98	+1	—	—	—	—
110	F.P.	21/3	102	100	Child Health Res'ch	101		—	—	—	—
80	F.P.	7/4	108	98½	Emess Lighting	107		b6.0	3.0	6.0	4.4
11	F.P.	28/2	11½	10	Keep Inv. Trust 5p	11½		—	—	—	—
‡‡	F.P.	7/3	89	72	Lon.Merc'tSecs.Defd.	83		—	—	—	—
—	F.P.	7/3	59	52	Rocks Plant 10p	53		1.25	2.7	3.4	7.7
44	F.P.	—	60	57	WebberElctCom12.5p	59		b3.5	2.6	5.9	6.3

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 participating pref. shares and 1 ord. share at 83.50 per unit. ‡ Dealings under special rule.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561
[illegible]

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. |US$9.60 9.83| ...| —
Prices on Mar. 6. Next dealing March 12.

Royal Trust (C.I.) Fd. Mgt. Ltd.
P.O. Box 194, Royal Tst. Hse., Jersey. 0534 27441
R.T. Int'l. Fd. |US$10.43 11.10| −0.90| 2.32
[illegible]

TSB Gilt Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund |90.0 93.0| +1.0| 12.90
TSB Gilt Fd. (Jsy.) |90.0 93.0| +1.0| 12.90
Prices on March 12. Next sub. day March 19.

Tokyo Pacific Holdings N.V.
[illegible]

Save & Prosper International
Lloyds Bank International, Geneva
M & G Group
Midland Bank Tst. Corp. (Jersey) Ltd.
Samuel Montagu Ldn. Agents
Murray, Johnstone (Inv. Adviser)
Neg. S.A.
Negit Ltd.
Pacific Basin Fund
Phoenix International
Providence Capital Life Ass. (C.I.)
Quest Fund Mngmnt. (Jersey) Ltd.
Richmond Life Ass. Ltd.
Rothschild Asset Management (C.I.)
Schlesinger International Mngt. Ltd.
Schroder Life Group
J. Henry Schroder Wagg & Co. Ltd.
Sentry Assurance International Ltd.
Singer & Friedlander Ldn. Agents
Standard Chartered Intl. Bd. Fd.
Stronghold Management Limited
Surinvest (Jersey) Ltd.
Surinvest Trust Managers Ltd.
TSB Unit Trust Managers (C.I.) Ltd.
Tyndall Group
Unilife Assurance (Overseas) Ltd.
Union-Investment-Gesellschaft mbH
Utd. Intnl. Mngmnt. (C.I.) Ltd.
United States Tst. Intl. Adv. Co.
S. G. Warburg & Co. Ltd.
Warburg Invest. Mngt. Jrsy. Ltd.
Wardley Investment Services Ltd.
World Wide Growth Management
Wren Commodity Trust
[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	47.9	50.7	.....	1.97
Abbey Capital	36.2	39.1	.....	5.65
Abbey General	46.9	50.1	.....	5.91
Abbey Gilt & F.I. Tst.	98.1	104.4	.....	4.74
Abbey Income	41.4	44.7	.....	8.62
Abbey Intl. Bd. Tst.	93.9	98.3	.....	5.60
Abbey Inv. Tst. Fnd.	37.2	40.2	.....	5.90
Equitas Prog. Trust	69.0	74.6	.....	5.83

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.3	94.1xd	.....	13.40

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	75.2	80.5xd	-0.2	5.96
Brit. Inds. Fund	69.4	74.3	+0.3	6.06
Growth & Income	41.3	44.2	+0.1	5.70
Elect. & Ind. Dev.	38.1	40.8	-0.1	5.15
Allied Capital	77.2	82.6	-0.1	5.33
Hambro Fund	117.7	125.9	+0.3	6.41
Hambro Acc. Fund	143.6	153.6	-0.2	5.47
Income Funds				
High Yield Fd.	68.4	73.2xd	-0.2	10.11
High Income	69.0	73.8xd	-0.1	7.99
A.H. Eq. Inc.	41.1	44.0	.....	7.93
International Funds				
International	27.5	29.4xd	-0.3	3.68
Pacific Fund	44.4	47.5	-0.5	2.60
Secs. Of America	57.3	61.3	-0.6	2.28
Specialist Funds				
Smaller Co.'s Fd.	48.5	51.9	.....	4.53
2nd Smlr. Co's Fd.	56.8	60.8xd	.....	4.69
Recovery Sits.	115.7	123.8	-0.3	6.30
Met. Min. & C'dty.	58.6	62.5	-1.5	4.72

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Mar. 7	214.1	228.4	.....	5.31

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	7.18
Gt. Winchester O'seas	20.3	22.6	.....	5.45

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	77.4	83.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	74.7	78.6	-0.7	5.09

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4901

American	24.7	26.0	-0.7	[illegible]
Fixed Interest	25.2	26.6	.....	[illegible]
Growth + Income	29.3	30.9	+0.2	[illegible]
Special Sits.	28.7	30.3	-0.7	[illegible]

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	29.3	31.5	.....	[illegible]
Accum. Units	35.6	37.2	.....	[illegible]
J. Finlay High Income	34.4	37.0	.....	[illegible]
J. Finlay Euro.Fin.	21.8	23.4	.....	[illegible]
Accum. Units	26.9	28.9	.....	[illegible]
J. Finlay Fd.In.Tst.	32.0	34.4	.....	[illegible]
Accum. Units	38.6	41.5	.....	[illegible]

Prices on March 5. Next dealing March 12.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	49.6	52.6	.....	[illegible]
American Turnaround	50.0	53.0	.....	[illegible]
Capital Tst.	52.8	56.0xd	-0.2	[illegible]
(Accum. Units)	53.4	56.8	-0.2	[illegible]
Extra Income Trust	48.8	51.8	-0.4	[illegible]
Income Tst.	37.6	39.8	-0.2	[illegible]
Int. Growth Fd.	42.6	45.2	-0.4	[illegible]
(Accum. Units)	45.0	47.8	-0.4	[illegible]

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	49.0	52.3	.....	[illegible]
Do. Accum.	67.5	72.1	.....	[illegible]

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Feb. 28	120.1	121.6	.....	[illegible]
Gross Inc. Feb. 28	77.0	77.5	.....	[illegible]

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

1979-80 High	Low	Stock	Price £	+ or -	Int.	Red. Yield
103¼	96	FFI 13pc 1981	96¾	......	13.44	16.99
108¼	93½	Do. 14pc '83	94½	+¼	14.81	15.95
86½	77½	ICFC 5½pc Deb. '80-82	80¼xd	+¼	6.81	15.01
85	69	Do. 6¼pc Db. '81-84	74	+1	8.70	14.80
99	79½	Do. 10½pc Uns. Ln. '86	84	......	12.77	15.20
99	77	Do. 11pc Uns. Ln. '88	83	......	13.59	14.75
101½	80	Do. 11¾pc Uns. Ln. '90	85½	......	14.12	15.10
72½	54½	Do. 7¼pc A Deb. '89-92	58½	......	12.88	15.00
69	51½	Do. 7¼pc A Db. '91-94	55xd	......	13.18	14.90
72	64	Do. 9pc 'A' '91-94	65xd	......	13.85	15.00
78½	61	Do. 8⅞pc Ln. '92-97	62½xd	......	14.20	14.85
102	84½	Do. 12⅝pc Uns Ln. 1992	84½xd	......	14.79	15.40

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

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[illegible]

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[illegible]

FOOD, GROCERIES, ETC.

[illegible]

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[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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FAR WEST RAND

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O.F.S.

[illegible]

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DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
430	97	Coronation	345	−35	Q54c	2.2	9.0
680	132	Falcon Rh.50c	610	−20	Q100c	1.7	11.7
48	11	Rhod'n Corp. 16⅔p.	37xd	......	0.56	8.5	2.2
267	70	Roan Cons. K4	190	−37	†Q0.12	ϕ	4.0
67	26	Wankie Col. Rh.1	59	......	Q9c	1.5	10.5
57	9	Zam.Cpr.SBD0.24	35	−4	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	23	......	—	—	—
24	4	ACM 20c	17	−1	—	—	—
115	50	Bond Corp.	88	......	Q3.75	2.2	2.2
234	100	Bougainville 50 Toea	168	−18	†Q39½c	ϕ	12.5
265	84	BH South 50c	225	......	←	—	—
25	11½	Canada Northwest	18	......	—	—	—
54	8	Carr Boyd 20c	27	......	—	—	—
£26	340	Central Pacific	£19½	−1¼	—	—	—
356	170	Conzinc Riotinto 50c.	254	......	Q15c	ϕ	3.1
39	14	Cultus Pacific N.L.	29	−3	—	—	—
*50	2½	Eagle Corp. 10c	30	−5	—	—	—
26¼	11	Endeavour 20c	21	......	—	—	—
258	62	G. M. Kalgoorlie 25c	218	−12	†Q3c	—	0.7
360	148	Hampton Areas 5p.	345	−12	3.5	2.8	1.4
75	20	Haoma Gold N.L.	40	−2	—	—	—
72	25	Metals Ex. 50c	62	−3	—	—	—
314	134	M.I.M. Hldgs. 50c	240	......	‡Q16.1c	1.8	3.4
35	15	Minefields Expl.	34	......	—	—	—
155	30	Mount Lyell 25c	100	......	—	—	—
44	13	Newmetal 20c	20	......	—	—	—
210	91	††North B. Hill 50c.	160	−8	Q12c	1.4	3.8
80	7½	Nth. Kalgurli	53	−8	—	—	—
165	45	Nth. Mining Corp.	130	+3	—	—	—
71	18	N. West Mining N.L.	36	−4	—	—	—
235	76	Oakbridge $A1	188	......	Q12c	4.7	3.3
122	22	Otter Exploration N.L.	98	−4	—	—	—
246	58	Pacific Copper	184	−26	—	—	—
*575	125	Pancont'l 25c	350	−25	—	—	—
*78	2	Paringa M&Ex.5p	63	−2	—	—	—
495	248½	Peko-Wallsend 50c.	435	+5	†Q17.5c	ϕ	2.1
230	125	Seltrust A	186	−4	—	—	—
£10½	145	Southern Pacific	725	−50	—	—	—
*75	8½	Swan Resources 20c.	58	−4	—	—	—
16	12	West Coast 25c	13	......	—	—	—
268	121	Westn. Mining 50c.	212xd	−7	†Q7c	1.6	1.8
30	8	Westmex	20	−2	—	—	—
94	40	Whim Creek 20c.	75	−5	—	—	—
25	10½	York Resources	19	......	—	—	—

TINS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
34	23	Amal. Nigeria	34	......	†6.0	1.9	25.2
435	265	Ayer Hitam $M1	305xd	−5	‡Q290c	0.9	‡
72	48	Beralt Tin	59	......	4.5	ϕ	10.9
270	149½	Berjuntai $M1	175	......	‡Q95c	1.0	‡
230	125	Geevor	220	......	8.71	3.1	5.7
11	8	Gold & Base 12½p	10	......	—	—	—
365	295	Gopeng Cons.	355	−10	25.0	1.8	10.1
370	289	Hongkong	300	......	35.87	ϕ	17.1
105	64	Idris 10p	103	−2	Z8.0	ϕ	11.1
15	9½	Jantar 12½p	14	......	—	—	—
95	38	Kamunting $M0.50	74	−3	Q47½c	1.1	14.4
620	210	Killinghall $M1	320	......	Z60c	—	3.8
645	365	Malay Dredging $M1	645	+5	†Q105c	2.6	3.3

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

NOTES

[illegible]

‖ No par value.
§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p.	28	......	**IRISH**		
Bertam	19	......	Conv. 9% '80/82	£86¼	......
Bdg'wtr. Est. 50p.	380	......	Nat. 9¾% 84/89	£70⅝	......
Clover Croft	60	......	Fin 13% 97/02	£78	......
Craig & Rose £1	£10½	......	Alliance Gas	62	......
Fife Forge	36	......	Arnott	400	......
Finlay Pkg. 5p.	22	......	Carroll (P.J.)	51	......
Graig Ship. £1	£10½	−1¼	Clondalkin	106	......
Higsons Brew.	80	......	Concrete Prods.	88	......
Holt (Jos) 25p.	255	......	Heiton (Hldgs.)	35	+1
I.O.M. Stm. £1	160	......	Ins. Corp.	235	......
Pearce (C. H.)	400	......	Irish Ropes	80	+25
Peel Mills	37	......	Jacob	36	......
Sheff. Refrshmt	97½	......	T.M.G.	142xd	......
Sindall (Wm.)	165	......	Unidare	103	......

OPTIONS
3-month Call Rates

Industrials		I.C.I.	32	Utd. Drapery	9
A. Brew	8	"Imps"	7	Vickers	14
BOC Intl.	6	I.C.L.	45	Woolworths	6½
B.S.R.	5	Inveresk	5		
Babcock	12	Ladbroke	15	**Property**	
Barclays Bank	30	Legal & Gen.	14	Brit. Land	7
Beecham	13	Lex Service	10	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	25
Boots	17	"Lofs"	3½	MEPC	17
Bowaters	16	London Brick	6	Peachey	13
B.A.T.	25	Lucas Inds.	20	Samuel Props.	12
Brown (J.)	7	"Mams"	14	Town & City	2
Burton 'A'	22	Mrks. & Spncr.	9		
Cadburys	5½	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	38
Debenhams	8	Nat. West. Bank	32	Burmah Oil	20
Distillers	21	P & O Dfd.	9	Charterhall	12
Dunlop	5½	Plessey	16	KCA	11
Eagle Star	14	Racal Elect.	20	Premier	12
F.N.F.C.	2½	R.H.M.	4½	Shell	35
Gen. Accident	21	Rank Org.	18	Tricentrol	35
Gen. Electric	30	Reed Intnl.	17	Ultramar	50
Glaxo	40	Sears	5½		
Grand Met.	12	Tesco	7	**Mines**	
G.U.S. 'A'	30	Thorn	25	Charter Cons.	18
Guardian	23	Trust Houses	14	Cons. Gold	52
G.K.N.	22	Tube Invest.	27	Lonrho	12
Hawker Sidd.	16	Unilever	40	Rio T. Zinc	35
House of Fraser	12	U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

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FINANCIAL TIMES

Wednesday March 12 1980

Travellers' cheque plan agreed

BY MICHAEL LAFFERTY IN MONTE CARLO

EUROPEAN BANKS are going ahead with the plan to use Thomas Cook, the Midland Bank subsidiary, to challenge the dominance of American Express and other U.S. banks in the world travellers' cheques market.

Representatives of most banks in Western Europe yesterday confirmed they have reached agreement with Midland to buy for £16.4m the parts of Cook they want.

The European banks plan to start issuing the new cheques, and a U.S. dollar cheque in particular, within 12 months.

Midland is disposing of the non-sterling travellers' cheque part of the Thomas Cook business to a new European travellers' cheque company.

As part of the consideration, to be paid in stages, Midland will receive a 20 per cent stake in the European company, which will own the central administration of the scheme, as well as the U.S. dollars and other non-European currency cheques.

The company will use the existing staff of Thomas Cook's operations at Peterborough, and around the world. The main operational headquarters will remain in Peterborough.

In addition to the central European company, the scheme provides for separate national companies to be created for each currency cheque to be issued, including sterling. Each of these companies will be owned directly by domestic financial institutions participating in the European scheme.

Apart from the financial part of the deal, the agreement announced yesterday provides for continued use of the Cook emblem and name on the European travellers' cheques. These will also incorporate the symbol of Eurocheque, the West German-led co-operative banking organisation which has masterminded the drive towards common European payments systems.

This could have an important intangible benefit for Midland, which retains full ownership of the travel and foreign exchange operations of Cook.

The European banks' move is particularly directed against American Express, the U.S. financial services group which controls more than 50 per cent of the world market in travellers' cheques.

They are also reacting to moves by Visa and Interbank, the world's two main banking payment systems organisations, to enter the travellers' cheques market. Barclays Bank is the largest bank to pool its travellers' cheques business with Visa.

In an effort to fight off the European challenge, American Express has recently announced agreements with three leading French banks to issue a joint French Franc travellers' cheque, and similar deals are said to be under negotiation.

The announcement of the Thomas Cook deal came as leading retail bankers from round the world gathered in Monte Carlo for the annual banking payment systems conference. Other developments involving American Express, Visa and Interbank seem likely to be announced in the next few days.

Countries which have been represented in the Thomas Cook talks are Andorra, Austria, Belgium, Finland, France, West Germany, Luxembourg, Norway, Sweden, Switzerland, the Netherlands and Greece. The Banking Associations of Ireland, Italy and Spain have been taking part as observers.

British Shipbuilders wins £50m orders

BY RAY PERMAN AND HAZEL DUFFY

BRITISH Shipbuilders has broken into the important new re-engining market with a contract to refit two container ships at the Govan yard on the Clyde.

Two other major orders were also announced yesterday by the corporation, adding £50m to its order book.

The Govan order was placed by Overseas Containers and is worth more than £10m. It was won in competition with Japanese and other foreign yards. There is no Government subsidy.

Two 29,000 deadweight-ton vessels, the Moreton Bay and the Discovery Bay, will have their steam turbines replaced with single slow-speed diesel engines.

These will be supplied by Harland and Wolff in Belfast, which makes the engines under licence from a Danish company.

The replacement market could become increasingly common, as the real price of fuel oil rises, because large fuel savings can be made. UK shipowners have placed 12 such contracts—all with Japanese yards. British Shipbuilders is bidding for six more and hopes the Govan success will encourage other owners to place work in Britain.

The second order, worth £25m, is for two refrigerated cargo vessels to be built at Smith's Dock in Middlesbrough for the British shipowner, Geest Industries. It was won in international competition with some help from the Government intervention fund.

It will provide work for 1,800 men in the next 18 months at Smith's Dock, which launched the last ship it had on order three weeks ago.

The third order goes to Vosper Thornycroft's yard at Portchester, Hampshire. The naval yard will build a fast patrol craft equipped with guns and missiles for the Omani Navy, at a cost of £15m.

Naval orders have not been subject to the same competition as merchant ships, but the market has been getting more difficult. This order is particularly welcome as a sign that British Shipbuilders is still a strong export contender.

The latest work takes the value of British Shipbuilders' merchant order book to £570m. Mr. John Parker, marketing director, said: "We are now two-thirds of the way towards achieving our target of 45 merchant ship orders, which are needed to secure employment at the restructured levels in our core yards up to mid-1981."

Last August, British Shipbuilders submitted a plan to the unions involving a 10,000 cut-back in the 28,000 merchant yard workforce. The plan is that orders will be directed to "core" yards, which include Govan and Smith's Dock.

Mr. Sam Gilmore, shop stewards' convener at Govan, said the unions were delighted with the order. It was exactly the type of work the yard needed. Steel workers would be fully employed on two new bulk carrier contracts, but outfitting tradesmen would have faced six- or nine-month lay-offs if the order had not been secured.

Auditors will not see State industry books

BY MICHAEL LAFFERTY

THE Government has rejected suggestions that the Exchequer and Audit Department, the audit service of central Government, should have access to the books of the nationalised industries and the British National Oil Corporation.

It also seems to oppose a proposal by Sir Douglas Henley, the Comptroller and Auditor-General who heads the department, that it should be merged with the District Audit Service, which audits most local authorities.

The views were published yesterday in a Green Paper on the role of the Comptroller and Auditor-General.

The paper emphasises the importance of basic financial and regularity audits in central Government, and says the most effective method is through a systems-based approach.

The Exchequer and Audit Department has been criticised for its inadequacies in this area.

A report on a management review of the department, published last year, said that Exchequer and Audit should be more positive about audit management, and should draw up procedures for greater planning, monitoring and review.

More recently, the accountancy bodies said there was an urgent need to strengthen the audit service of central Government. They suggested that the department, with only about 700 staff, was not equipped to do its job.

A similar point was made in the management review report, which commented that "a natural and conscientious concern for economy and staffing has been taken too far."

Despite these comments, the Green Paper favours the present staffing arrangements for the department, which are under the control of the Civil Service Department. "Present arrangements take account of the wide relevant expertise of the CSD, and if the responsibility were exercised unreasonably, the C and AG, being independent, could report the matter to Parliament."

The Green Paper suggests that the Exchequer and Audit Department might restrict itself to inspecting the affairs of certain bodies, leaving the role of audit to commercial auditors.

Details, Page 10

Evans says no to BL pay meeting

By Alan Pike, Labour Correspondent

MR. MOSS EVANS, general secretary of the Transport and General Workers' Union, has declined to attend a meeting at which the BL Cars management hopes to secure union agreement for pay proposals rejected in a workforce ballot.

The company was last night trying to contact presidents and general secretaries of other unions with members at BL to invite them to the meeting—which it wants to take place before the company's financial results are announced on Friday.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said last night that when he received a formal invitation, his executive would consider whether he should attend.

Mr. Evans told BL that meetings concerning its pay negotiations should be attended by Mr. Grenville Hawley, the TGWU national automotive secretary, rather than the general secretary.

The company said last night it would keep trying to arrange a meeting soon, even if top officials like Mr. Evans could not be persuaded to attend. However, there has already been a series of meetings of the BL Cars national joint negotiating committee attended by officials below general secretary level and these have failed to break the deadlock over the pay offer.

BL has made it clear that time is running short and, unless the issue is resolved with union agreement this week, is expected to consider imposing the pay offer unilaterally.

The offer would give basic increases of five per cent for most workers and up to ten per cent for craftsmen, with productivity payments in return for more flexible working practices which the company is seeking.

BSC must change or die, warns Villiers

BY CHRISTIAN TYLER, LABOUR EDITOR

BRITAIN WILL end up importing all its steel unless the changes the British Steel Corporation wants from its unions are carried out, Sir Charles Villiers, the corporation's chairman, said last night.

Without all the changes, the reduced liquid steel capacity of 15m tonnes a year for which the corporation was aiming, would be "trampled down" by imports, he said.

Job losses would be "immense and tragic" in some communities and the £3.5bn of investment and financing of the past five years would be lost.

Sir Charles was speaking to the British Constructional Steel Work Association as negotiators for the corporation and its unions were struggling to find common ground in the latest round of talks.

After 14 hours of hard bargaining over two days, optimism about the outcome had decreased.

The unions want an improvement in the last cash offer of 14.4 per cent as well as less severe productivity conditions than the BSC is demanding.

Sir Charles opened his speech last night with an appeal to customers to return as quickly as possible after the strike is over.

The costs of a failure to make the changes BSC wanted would be colossal, he said.

There was no conspiracy of "grasping 19th century capitalists or a conspiracy of silence, or even a conspiracy of hard unbending Tories," he said.

He was replying to an accusation by the Iron and Steel Trades Confederation in the latest issue of its strike broadsheet, published yesterday, which claimed there was a deliberate effort to conceal the full effects of the strike.

It accused the Confederation of British Industry, the BSC, Government departments, steel consumers and sections of the media of a "cover-up" in an effort to undermine morale.

Strike effects, Page 8

French base rate rises to 13.25%

By Terry Dodsworth in Paris

A NEW round of French bank base rate increases to 13.25 per cent began yesterday. It followed only a week-and-a-half after the last batch of rises which had carried the rate to a record 12.5 per cent.

Current policy

In keeping with current policy, yesterday's announcement of an increase came from only a few banks, including Indosuez, Banque Worms, Banque Vernes and Banque La Henin. But their move is expected to be followed today by Banque Nationale de Paris (BNP), the large nationalised group, and by others during the week.

The previous high had been 12.4 per cent, reached in June, 1974. The latest rises come as no surprise, given the Government's commitment to a tight money policy and the rapid increase in money market rates within the last two weeks.

The rise in interest rates is worrying some quarters of industry, which fear that it could halt last year's investment revival.

Inflation

But so far the Government has made it clear that it intends to continue trying to restrain inflation and maintain the value of the franc by keeping in line with the international trend in rates.

The Government is concerned at the level of France's heavy expenditure on imported oil and fears that the value of the franc against the dollar must be maintained if this bill is to be met.

Fresh rise in Swiss rates likely, Page 3

Weather

UK TODAY

SHOWERS in most areas with some sunny intervals.

London, S.E. and N.W. England, Channel Isles, Wales, E. Scotland

Sunny intervals, occasional showers. Max 10C (50F).

W. Midlands, N.E. England

Mainly dry, sunny intervals. Max. 8C (46F).

W. and N. Scotland, N. Ireland, I. of Man, Orkney and Shetland Islands

Sunny intervals, blustery showers, rather cold. Max 7C (45F).

Outlook: Showery. Clear periods. Colder.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	14	57	Lisbon	S	17	63
Algiers	S	17	63	Locarno	F	11	52
Amsdm.	C	7	45	London	S	11	52
Athens	C	11	52	Luxmbg.	C	5	41
Bahrain	S	25	77	Luxor	S	30	86
Barclna.	F	14	57	Madrid	S	14	57
Belfast	C	9	48	Majorca	S	15	59
Belgrd.	C	5	41	Malaga	S	18	64
Berlin	C	2	35	Malta	S	16	61
Biarritz	C	11	52	M'chstr.	F	9	48
Bmghm.	C	8	46	Melbne	S	17	64
Blackpl.	R	7	45	Milan	F	10	50
Bordx	C	10	50	Montreal	C	−1	30
Boulgn.	S	7	45	Moscow	C	−1	19
Bristol	R	7	45	Munich	S	6	43
Brussels	C	8	46	Nairobi	S	26	78
Budpst	C	4	39	Naples	S	13	55
B. Aires	C	26	81	Nwcst'	C	8	46
Cairo	S	24	75	N. York	S	3	36
Cardiff	R	9	48	Nice	S	15	59
Cas'b'ca	S	17	63	Nicosia	C	14	57
Cape T.	S	25	77	Oslo	C	1	34
Chicago	S	−5	24	Paris	C	10	50
Cologne	C	7	45	Perth	C	22	72
Cpnhgn.	C	1	34	Prague	Sn	1	34
Corfu	S	15	59	Reykjvk	C	−1	30
Dublin	R	10	50	Rhodes	S	15	59
Dbrvnk.	S	11	52	Rio J'o	S	32	90
Ednbgh	R	9	48	Rome	S	15	59
Florence	S	12	54	Salzbrg.	R	11	52
Frankft.	R	6	43	Singapr	S	31	87
Funchal	S	16	61	Stckhm.	S	−2	28
Geneva	C	7	45	Strasbg.	C	10	50
Gibrltr.	S	17	63	Sydney	C	20	68
Glasgow	R	8	46	Tangier	S	19	66
G'rnsey	R	7	45	Tel Aviv	S	22	72
Helsinki	C	−4	25	Tenerife	S	15	59
H. Kong	S	19	66	Tokyo	C	7	45
Innsbrk	C	6	43	Toronto	S	1	34
Invrnss.	R	8	46	Tunis	F	14	57
I. o Man	R	8	45	Valencia	S	18	64
Istanbul	R	5	41	Venice	F	11	52
Jersey	S	7	45	Vienna	S	5	41
Jo'burg	C	17	62	Zurich	C	5	41
L. Pims.	S	19	66				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Continued from Page 1

Iran

grievances; the other was to see the hostages and obtain their release.

One Commission member said an Iranian doctor's report indicated the medical condition of the hostages was "satisfactory, given the psychological state of those detained for almost five months now."

In an interview with the Paris newspaper Le Monde, President Bani-Sadr said he regretted the Commission had not been able to finish its task, and complained that the students had proven true the Shah's prediction that it would fail.

The Iranian President also accused the Iranian Revolutionary Council of "weakness" and "indecision," saying it had contributed to the crisis.

Mr. Sadeq Qotbzadeh, the Iranian Foreign Minister, also criticised the student militants, and said they would eventually have to obey the Government.

Continued from Page 1

Mugabe

to the Patriotic Front, which has 20 of the 80 black seats in Parliament. They are Natural Resources and Water Development (Mr. J. Msika), Public Works (Mr. C. M. Muchachi) and Posts and Telecommunications (Mr. George Silundika). The party also has two of the 13 deputy ministers.

No place has been found for Bishop Abel Muzorewa, the former Prime Minister, whose party got only three seats in last month's election. It is unlikely to get seats in the Senate, which is to be elected by Parliament in the next two weeks.

Parliament will then elect the new President, a largely ceremonial post which is expected to be filled by the Reverend Canaan Banana, a senior member of Mr. Mugabe's party.

Appointment of Mr. Norman and Mr. Smith will go a long way to reassure the white business community.

THE FULL CABINET

Prime Minister and Minister of Defence: Robert Mugabe
Deputy Prime Minister and Minister of Foreign Affairs: Simon Mzenda
Minister of Home Affairs: Joshua Nkomo
Minister of Manpower, Planning and Development: Edgar Tekere
Minister of Finance: Enos Nkala
Minister of Justice and Constitutional Affairs: Simbi Mubako
Minister of Public Service: Richard Hove
Minister of Labour and Social Welfare: Kumbirai Kangai
Minister of Transport and Power: Ernest Kadungure
Minister of Local Government and Housing: Eddison Zvobgo
Minister of Lands, Resettlement and Rural Development: Dr. Sydney Sekeramayi
Minister of Commerce and Industry: David Smith
Minister of Agriculture: Dennis Norman
Minister of Information and Tourism: Dr. Nathan Shamuyarira
Minister of Natural Resources and Water Development: Joseph Msika
Minister of Education and Culture: Dr. Dzingai Mutumbuka
Minister of Health: Dr. Herbert Ushewokunze
Minister of Public Works: Clement Muchachi
Minister of Posts and Telecommunications: George Silundika
Minister of Mines: Morris Nyagumbo
Minister of Youth, Sport and Recreation: Mrs. Teurai Ropa Nhongo
Minister of State: Emmerson Munamgagwa

THE LEX COLUMN

Banks on the spot over penalties

Index rose 3.3 to 455.6

Even by the standards of monthly banking statistics, the February set is unusually opaque. The gilt-edged market, having moved up on its first sight of the figures, had second thoughts later and slipped back. Clearing bank lending was low, but there has been a large swing back into borrowing from the non-clearers. The underlying bank lending figure is probably not far off the £700m that has been the monthly norm for nearly a year.

Still, personal borrowing seems to have withered away, and the argument that corporate borrowing is to a large extent involuntary, as taxes are paid and stock levels build up, is a convincing one. Many companies must be grimly holding on to unnecessarily high stocks levels over their financial year ends to avoid a clawback of stock relief.

The corset scheme—brought in originally as a cosmetic measure to appease the gilt-edged market and sell out some long-forgotten tap—is the source of increasing difficulties. Even with the Bank of England's help over the February make-up day, the clearing banks were still short of reserve assets, and their customers seem to have developed the tiresome habit of shifting money from current into deposit accounts. So the banks' IBELs are up again: the banking system as a whole is 4.1 per cent above its corset ceiling, after 3.6 per cent in January. Supplementary special deposits relating to the January excess IBELs alone came to £104m.

If March IBELs are only unchanged at the February level, the three-month moving average calculation will leave the banks 5½ per cent over the ceiling. And the scheme grows more restrictive each month; the £280m by which the ceiling is raised monthly is now 0.8 per cent rather than the original 1 per cent of total IBELs.

Removing the corset would jack up sterling M3 by 2 or 3 per cent as acceptances came back into the banking system. But removal would be better than giving help in the money markets every make-up day until the redemption of Consols.

Sedgwick group

The UK's biggest insurance broker, Sedgwick Forbes Bland Payne, opened up the latest results season in this sector with an uninspiring report of a near 7 per cent fall in pre-tax profits to £47.5m. This is the first time that the newly-merged group has reported a full year's consolidated set of figures and clearly there are unique internal problems. Integration costs from the marriage of Sedgwick Forbes and Bland Payne has put pressure on expenses which have risen by 14.5 per cent to £85.6m at a time when broking revenues (including underwriting agency and shipbroking income) have only advanced 4.5 per cent to £120.8m.

Up to 65 per cent of group expenses are incurred in the UK, while about two-thirds of revenues are remitted in overseas currencies, largely dollars, so Sedgwick has been squeezed by the strength of the pound at a time when the trading cycle—affected by the overcapacity in international insurance markets—has turned down sharply.

The outlook is unexciting. In the current year much will depend on the group's ability to trim expenses. But the shares, up 4p to 97p, yielding 7.6 per cent, could be supported by any positive news about the group's planned link up with the world's second largest broker, Alexander and Alexander.

Cement-Roadstone

Cement-Roadstone Holdings has pushed up pre-tax profits by 33 per cent in 1979 to I£24.1m, in spite of problems in bringing the new Platin cement works into full production and the first-half strike and bad winter weather. The UK share price, helped by the generous dividend increase, moved up 4p to 98p for a fully-taxed p/e of nearly 13 and a yield of 7.7 per cent.

Next year should see further profits growth in spite of the slackening of the Irish economy. Platin's output will be pushed up to 90 per cent of capacity, compared with 73 per cent last year, enabling the company to substitute its own product for low margin imports. Furthermore, imports will take the full strain of any decline in demand. Pre-tax profits of about I£28.5m should be attainable without much difficulty.

The shares have underperformed the Irish market by more than 20 per cent over the last year as British investors have cut their holding from about 35 per cent to 30 per cent. Gross funds will be watching the Irish Finance Bill — due in a couple of weeks — closely to see if the rate of imputation is reduced as well as corporation tax. But, if the worst comes to the worst, the group's dividend cover of nearly three times gives plenty of scope for providing recompense.

Sun/Viking

The expected rival bidder for Viking Oil has duly emerged in the shape of the U.S. group Sun, which is copying Deminex's idea of offering a royalty unit for each Viking share, but is topping this up with £4 rather than £3 in cash. Sun has persuaded five or six of the institutional shareholders of Viking to accept irrevocably with 30 per cent of the equity. Its argument to them was presumably that it would not raise the stakes unless it had a degree of solid support. Deminex is not yet out of the race, but it cannot really organise a shoot-out when 30 per cent is already locked up. At £10½, an £1 Viking is valued at £25.3m compared with a cash element in the offer of £9.6m.

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